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From Economics to Political Philosophy

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Daniel Bell

Making the Future Safe for Mankind
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From Priorities to Goals

DISCUSSION of public policy today is in an interesting state of confusion—interesting, because the confusion reflects an unnoticed shift in the terms of the discussion. The shift is from argument over the selection of priorities to controversy over the choice of goals—a shift from means to ends, from economics to political philosophy as the articles by Daniel Bell and E. J. Mishan put it. It is hard to imagine a more important distinction—yet it has been blurred by the fact that so many people still talk of "reordering our priorities" when what they have in mind, more often than not unwittingly, is actually the redefinition of the purposes of our political life.

To order its priorities, a political community needs a consensus as to its ultimate goal, i.e., the sum of these priorities. Only when you have such a consensus—only when you have some notion, however imprecise, of the good life and the good society—can you proceed to rank your programs on an agenda for action. The rank order can be determined by many considerations: by relative ease of achievement, by some kind of cost-benefit analysis, by political feasibility, or whatever. Such considerations are not likely to be easily compatible with one another, and there is plenty of opportunity for political disagreement. But this disagreement is "normal" in that the question of what we *should* do finally depends on answering the question of what we *can* effectively do within the existing institutional framework—political, social, economic.

There is nothing less "utopian" than a debate over priorities. However sharp such a debate may be, its proper intellectual approach is analytical, its appropriate temper is pragmatic. One can perhaps say, at the risk of being presumptuous, that it is the kind of approach and temper that has largely prevailed in *The Public Interest* since it was founded, more than five years ago.

But it is now clear that a new kind of questioning spirit is abroad in the land, and its mark is even to be observed in recent numbers of *The Public Interest*. (I say "even" because the editors have always tried to be a bit stand-offish *vis-à-vis* the Zeitgeist.) Our special issue on *Capitalism Today* (Fall 1970), though concerned largely with economics, led off with two articles on the problematics of capitalism in the realms of moral equity and culture. Our recent symposium on pornography (Winter 1971), a topic we would not have dealt with two or three years ago, raised some central issues about the nature of shamelessness and moral probity in contemporary society. The

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articles by Daniel Bell and E. J. Mishan in this issue, though centered on the corporation and on technology, are concerned primarily with what Walter Lippman once called "the public philosophy." And some of the special issues we are now contemplating are rather different from those we have done in the past. The difference arises from the fact that the question of reordering our priorities is being edged off center-stage by the more fundamental question: What *kind* of society should America be?

This is, of course, a question of political philosophy, not of economics or sociology or public policy in the conventional sense of that term. Yet the significant novelty of the question is obfuscated by the very people who raise it—they are, one assumes, unaccustomed to the grand language of political philosophy and prefer to stay with the more familiar rhetoric of political abuse. I can think of no better illustration of this confusion than the campaigns now under way around such issues as "pollution" and "consumer protection." They *look* like familiar demands for melioristic legislation, but these looks are deceiving. One doesn't have to peer very far beneath the surface of these movements to realize that their intentions, though doubtless honorable, are not likely to be easily domesticated. The campaign against "pollution" clearly reveals a profound animus against the drift of our technological civilization—it is the material (and materialistic) ambitions of this civilization, not its incidental dirtiness, that is being challenged. Similarly, the demand for "consumer protection" reaches far beyond honest labelling and insistently questions the very legitimacy of the American corporation and the "free enterprise" ideology that sustains it.

In both of these cases, it is asserted that "the promise of American life" is being thwarted by wicked and selfish vested interests. That is the familiar jargon of paranoid populism that runs through the history of democratic politics in the United States. But behind this stale rhetoric there simmers a new and authentic discontent with, and anxiety about, the *definition* of the "promise of American life." The old definition—emphasizing the increase of material prosperity and the preservation of individual freedom—seems no longer to satisfy. This is a grave problem, it goes without saying. But it may also be an important opportunity, in that it frees the political imagination to take a larger view of our prospects than is ordinarily possible.

Controversies over matters of political philosophy, since they are controversies over fundamental beliefs, are exceedingly dangerous for any nation. They certainly ought not to happen too often, for they then make civilized political life very difficult to sustain. But they ought to—they inevitably will—arise occasionally. We seem to be living through such a moment right now; and the first thing to do is consciously to face up to this critical fact and make it manifest in all its implications. We must go behind the smaller questions in order to contemplate the larger answers they tacitly demand.

Irving Kristol

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The corporation and society in the 1970's

DANIEL BELL

OVER the last few years, there has been a notable change in public attitudes toward the corporation. Only twelve years ago, writing in Edward S. Mason's magisterial compendium on *The Corporation in Modern Society,* Eugene V. Rostow could comment:

> In reviewing the literature about the current development of [the large, publicly-held] corporations, and about possible programs for their reform, one is struck by the atmosphere of relative peace. There seems to be no general conviction abroad that reform is needed. The vehement feelings of the early thirties, expressing a sense of betrayal and frustration at a depression blamed on twelve years of business leadership, are almost entirely absent.

The reason for that tolerant and even benign attitude towards the corporation in the 1950's is not hard to find. Apart from the general sense of social peace induced by the Eisenhower administration (a peace maintained, in part, by the mobilization of the sentiments of society against an external enemy), a new and seemingly satisfactory conception of the role of the corporation in the society had arisen.

For 75 years, going back to 1890 when Congress passed the Sherman Antitrust Act, the corporation had been viewed with populist suspi-

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cion because of its size. Size, in the American lexicon, means power, and the bigness of business was perceived as both an economic and political threat to democracy. Economic size was equated with market power, or the ability to control (within limits) the price of products offered for sale. Large-scale assets were equated with undue influence, either in a local community or state, or in the nation itself.

But in the more than half century's experience with antitrust, a new economic sophistication had been developed. One was the important distinction between size and market control, and the realization that the two are not completely related. The two biggest manufacturing companies today are Standard Oil of New Jersey and General Motors, with $19.2 billion and $14.1 billion respectively in assets. GM has about 55 per cent of United States' automotive production; but Standard Oil, though larger than GM, has only about 9 per cent of domestic oil refining and an even smaller percentage of production.

Size, clearly, is not a good predictor of market control. Market control is measured by "concentration ratios," i.e., the sales of the largest four companies, in a product line, as a percentage of total product sales. But it seems reasonably clear that, since the turn of the century, the concentration ratios have gone down considerably and that, in most industries, there is not increasing concentration but rather a ceaseless flux.[1]

But the more important shift was a change in ideology. The idea took hold that "size" was less relevant than "performance." Performance itself is an elusive criteria. It embraces the idea of receptivity to innovation; willingness to expand capacity (one of the chief charges by liberal economists in the 1940's against such "monopolistic" industries as aluminum and steel was that they were unwilling to expand capacity); the reflection of increased productivity in better quality, higher wages, and steady, if not lower, prices; and similar indices of responsiveness to the needs of the society.

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[1]The stereotype that the big company has a big market share is obviously supported by many examples. Only it is refuted by even more. If one looks at the "symbolic" examples of concentration, it is quite clear that in no industry today is concentration at a comparable level with the period after the great wave of consolidations, from 1898 to 1902. As pointed out by Professor Segall of the University of Chicago: In 1900, International Harvester produced 85 per cent of the nation's harvesting machines. In 1902, National Biscuit controlled 70 per cent of the biscuit output. In 1901, American Can turned out 90 per cent of its industry's output. In 1902, Corn Products had 80 per cent of its industry's capacity. In 1902, U.S. Leather accounted for more than 60 per cent of leather output; Distillers Securities provided more than 60 per cent of whiskey output; International Paper produced 60 per cent of all newsprint. In 1900, American Sugar Refining refined virtually all the sugar in the country. For a comprehensive discussion of the contemporary degree of concentration see M. A. Adelman, "The Two Faces of Economic Concentration," *The Public Interest*, 21 (Fall 1970).

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The clearest mark of performance was growth. The fear of the 1930's, after all, was stagnation. Liberal economists such as Alvin Hansen had predicted, in fact, that the economy had achieved such a state of "maturity" that there was no longer the possibility of expansion. The facts belied these fears. New technological frontiers opened up after the war; and the large corporations took the initiative.

A vigorous, large company could present its case to the public that size was immaterial, so long as the corporation displayed those hallmarks of dynamism that added up to "performance." In fact, as J. K. Galbraith argued in his book, *American Capitalism*, size was an asset because it enabled the large corporation to underwrite technological progress.

> It is admirably equipped for financing technical development. Its organization provides strong incentives for undertaking development and for putting it into use. . . . The power that enables the firm to have some influence on price insures that the resulting gains will not be passed on to the public by imitators (who have stood none of the costs of development) before the outlay for development can be recouped. *In this way market power protects the incentive to technical development.* (Italics in the original.)

Here was a strong and sophisticated defense of bigness by the criteria of performance. And, to a considerable extent, the ideology of American business in the postwar years became its ability to perform. The justification of the corporation no longer lay, primarily in the natural right of private property, but in its role as an instrument for providing more and more goods to the people. Because the corporation seemed to be performing this role adequately, criticism of it did, indeed, become muted, so that the end of the 1950's the corporation had established a new legitimacy in American life.

The new criticism

Today that legitimacy is being challenged, or at least the tolerant and benign attitude toward the corporation has receded. The paradox is that the ground of the new criticism is no longer size or bigness (though some old populist echoes persist), but performance itself. A feeling has begun to spread in the country that corporate performance has made the society uglier, dirtier, trashier, more polluted and noxious. The sense of identity between the self-interest of the corporation and the public interest has been replaced by a sense of incongruence.

Any issue that becomes ideological becomes distorted. The facts of spoliation of countryside and the reduction of various amenities are

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obvious; the reasons less so. One evident cause is the sheer increase of numbers of persons in the society and a change in social habits. Take, for example, the national parks: in 1930, the number of visitor-days (one person staying twelve hours) was 3 million in a population of 122 million; by 1960, it was 79 million, in a population of 179 million; and in 1968, there were 157 million visitor-days in a population of 200 million. The results are described vividly in an account in *The New York Times:*

> Yosemite, only a day's drive from San Francisco and Los Angeles, is generally considered the most overcrowded park. Congestion reaches its peak on major holidays and this Labor Day weekend was no exception.
>
> The constant roar in the background was not a waterfall but traffic. Transistor radios blared forth the latest rock tunes. Parking was at a premium. Dozens of children clambered over the rocks at the base of Yosemite Falls. Campsites, pounded into dust by incessant use, were more crowded than a ghetto. Even in remote areas, campers were seldom out of sight of each other. The whole experience was something like visiting Disneyland on a Sunday.

Moreover, if we take pollution of the air and water as the criterion of social ill, then clearly all sections of the society are at fault: The farmer who, by seeking to increase food production, uses more nitrate fertilizer and thus pollutes the rivers of the country; the individual automobile owner who, seeking greater mobility, spews noxious gas into the atmosphere; the Atomic Energy Commission which, in seeking to expand nuclear power, may be responsible for thermal pollution of the waters; and the corporation whose smokestacks emit smog-creating gases in the air, or whose waste products pollute the lakes.

But if one takes the attitude that everyone is to blame—and simply ends with the moral exhortation for each person to restrain his behavior—then one misses the important point. Such a situation itself points to the fact that the allocative mechanism of society, the proper distribution of costs and resources, is not working. In a free society, the socially optimal distribution of resources and goods exists where the market reflects the true economic cost of an item. But where private costs and social costs diverge, as A. C. Pigou pointed out 50 years ago, then the allocation of goods becomes skewed. When the owner of a factory has no incentive to take account of costs to others of the pollution he generates because these costs are not charged to him, factory output (or automobile mileage in the case of a car owner) will be at a higher level than is socially optimal.

The growing problem for modern society is this increasing divergence of private costs and social costs (what economists call techni-

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cally an "externality," because such costs are not "internalized" by a firm in its own cost accounting). But along with this awareness there arises, too, the question whether the strict conception of costs—and return on investment—that is the rationale of the accounting procedures of the firm are at all adequate today. In other words, perhaps the older definition of "performance" is too narrow. The question that then arises involves, not just the "social responsibility" of any particular corporation, but the "rightness" of the broader pattern of social organization and of the social goals of the society. And, to the extent that the corporation has been the institution integral to the existing pattern, it becomes the starting point of a new inquiry.

Perhaps we can see the quite radical difference between these two perspectives by setting up two models, which I shall call the *economizing* mode and the *sociologizing* mode, as polar extremes within which the actions of the corporation can be estimated and judged.

The economizing mode

Beginning little more than 150 years ago, modern Western society was able to master a secret denied to all previous societies—a steady increase of wealth and a rising standard of living by peaceful means. Almost all previous societies had sought wealth by war, plunder, expropriation, tax-farming, or other means of extortion. Economic life, in the shorthand of game theory, was a zero-sum game; one group of winners could benefit only at the expense of another group of losers. The secret mastered by modern Western society was *productivity*, the ability to gain a more than proportional output from a given expenditure of capital, or a given exertion of labor; or, more simply, society could now get "more with less effort or less cost." Economic life could be a non zero-sum game; everyone could end up a winner, though with differential gains.

In the popular view, productivity was made possible by the introduction of machinery or, more specifically, the discovery of new forms of power, mechanical or electrical, hitched to an engine. Clearly much of this view is true. But productivity, as a concept, became possible only through a new "supporting system" which dictated the placement of machines in a new way. To put the matter less abstractly, modern industrial society is a product of two "new men," the engineer and the economist, and of the concept which unites the two—the concept of efficiency. For the engineer, the design of a machine and its placement vis-à-vis other machines is a problem of finding the "one best way" to extract maximum output within a given physical layout. The econo-

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mist introduces a calculus of monetary costs, within the framework of relative prices, as a means of finding the most appropriate mix of men and machines in the organization of production.

Modern industrial life, in contrast with traditional society, has been revolutionized by these innovations. The new sciences have introduced a distinctive mode of life. We can call it *economizing*. Economizing is the science of the best allocation of scarce resources among competing ends; it is the essential technique for the reduction of "waste"—as this is measured by the calculus stipulated by the regnant accounting technique. The conditions of economizing are a market mechanism as the arbiter of allocation, and a fluid price system which is responsive to the shifting patterns of supply and demand.

Economics itself, over the past 100 years, has developed a rigorous and elegant general system of theory to explain the relative prices of goods and services and of the factors in production, the allocation of those factors to various uses, the level of employment, and the level of prices. With economics, comes a rational division of labor, specialization of function, complementarity of relations, the use of production functions (the best mix of capital and labor at relative prices), programming (the best ordering of scheduling of mixed batches in production, or in transportation), etc. The words we associate with economizing are "maximization," "optimization," "least cost"—in short, the components of a conception of rationality. But this conception of rationality, it should be pointed out, was intended by its utilitarian founders as a rationality of *means*, a way of best satisfying a given *end*. The ends of life themselves were never given; they were seen as multiple or varied, to be chosen freely by the members of society. Economics would seek to satisfy these choices in the "best way," i.e., the most efficient means possible in order to "maximize" satisfaction.

For an understanding of the economizing mode, this distinction between rational means and a plurality of ends must be emphasized. Modern industrial society, being a liberal society, has never felt the need to define its ends or to establish priorities within some set of ends. It has always eschewed such collective decision-making. No conscious social decision was made to "transform" society 200 years ago. No conclave met, as in a French constituent assembly or an American constitutional convention, to declare a new social order. Yet it is quite clear what the new goals of the new industrial society were to be—the ends that became "given" all involved the rising material output of goods. And other, traditional modes of life (the existence of artisan skills and crafts, the family hearth as a site of work) were sacrificed to the new system for the attainment of these economic ends.

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Commonplace as this history may be, the singular fact needs to be emphasized. Unlike political change, no one "voted" for these decisions in some collective fashion, no one assessed (or could assess) the consequences of these changes. Yet a whole new way of life, based on the utilitarian calculus or the economizing mode, gradually began to transform the whole of society.

The corporation: a new social invention

Productivity is a technique, steadily rising output of goods is an end; for the two to be realized they have to be institutionalized in some renewable system of organization. That institution was the corporation.

Much of economic history and some of economic theory has focused on the entrepreneur as the singularly important person who, sensing new opportunities, breaks the cake of custom and innovates new areas of economic life. Much of contemporary sociological theory has dealt with the manager as the faceless technocrat who runs a routinized operation. But to understand the corporation, one has to turn not to the entrepreneur (and the myths about him) or the manager (and the caricatures that are drawn of him), but to a figure historically and sociologically intermediate between the two—the organizer.

The church and the army have been the historic models of organizational life. The business corporation, which took its present shape in the first decades of the 20th century, was the one new social invention to be added to these historic forms. The men who created that form—Theodore N. Vail who put together AT&T, Walter Teagle of Standard Oil of New Jersey, Alfred P. Sloan of GM—designed an instrument which coordinates men, materials, and markets for the production of goods and services at least cost with the best possible return on capital investment. They did so by introducing the idea of functional rationality, of *economizing*, as a new mode of ordering social relations.

Of the three, only Alfred P. Sloan has put down directly the principles he employed. His account, *My Years With General Motors*, is fascinating, and one can take his sketch as prototypical of the corporate mode of mid-century America. The most striking aspect of Mr. Sloan's book is its language. Sloan's key terms are *concept*, *methodology*, and *rationality*. Throughout the book, Sloan uses these terms to explain the innovations he made in General Motors: "Durant had no systematic financial methodology. It was not his way of doing business." "The spacing of our product line of ten cars in seven lines in early 1921 reveals its irrationality." "In product variety only Buick and Cadillac had clear divisional concepts of their place in the market."

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The language is not an accident or an affectation. It is surprising only to those who associate such language with the academy and not with the analytical necessities of organization. The language derives in part from Sloan's training as an engineer (he took a degree at MIT in 1895); but more, it derives directly from the revolution in organization that Sloan introduced: the initiation of detailed planning, of statistical methods and of financial controls. In explaining why he relied on market research and forecasting rather than salesmen's intuition, he remarked: ". . . In the automobile industry you cannot operate without programming and planning. It is a matter of respecting figures on the future as a guide."

The reasons for the success of General Motors can be attributed, in simplified fashion, to two elements: A market strategy based on a "clear concept" of product lines and an organizational form which combined decentralization of operations with coordination of policy.[2] The organizational structure of General Motors is commonplace now, and has been widely copied by most large corporations. At the time of its innovation, it was a novelty. Stated most simply, the principle of organization is to have a complete breakdown of the costs of each unit, and to exercise control of operating divisions through stringent budgets. Before the system was instituted, divisions in GM sold their parts to other divisions (e.g., a battery division to a car division) on the basis of cost plus a predetermined percentage. But the corporation at the top did not know which units were profitable and which not. "It was natural for the divisions to compete for investment funds," Sloan wrote, "but it was irrational for the general officers of the company not to know where to place the money to best advantage."

What Sloan did was to treat each division as a separate company, with the corporate group at the top acting as a "holding company," and to measure the performance of each division by the rate of return on investment consistent with attainable volume. The rate of return is thus a measure of performance and a means of ranking each division, not on the basis of its absolute profit alone, but on the rate of return on capital invested. The measure, in short, is the margin of profit mul-

[2]This market strategy and organizational form allowed GM to come from behind to oust Ford, a genius at production techniques, from the leading position in the market. In 1921, Ford had 60 per cent of the car and truck market and almost complete control of the low-price field. Chevrolet, GM's entry in the low-price field, had only 4 per cent of the market. To meet Ford head-on in price competition would have been suicidal. Sloan's strategy was not to undercut the Ford price but to *top* it somewhat, seeking to skim off that layer of buyers who would be willing to go to a higher price on the assumption they were getting a better car. By successive "upgrading" of items, largely through annual model changes, GM won the larger share. In effect, GM countered "style" to "utility" and won.

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tiplied by the rate of turnover of invested capital. Through these measures, the corporate group at the top could determine how to allocate the corporation's money in order to achieve a maximum return for the whole.

All aspects of corporate policy became subordinated to that end. In specifying the corporation's philosophy, Sloan was explicit:

> To this end [he writes] we made the assumptions of the business process explicit. We presumed that the first purpose in making a capital investment is the establishment of a business that will pay satisfactory dividends and preserve and increase its capital value. The primary object of the corporation, therefore, we declared, was to make money not just motor cars. Positive statements like this have a flavor that has gone out of fashion; but I still think that the ABC's of business have merit for reaching policy conclusions.

The economizing system of each corporation locks with each other to create a social system. Earnings per share of common stock becomes the balance wheel around which the system turns. If the earnings of a firm drop, it may find it difficult to attract capital, or may have to pay more for capital vis-à-vis other firms. Thus, the allocation of capital in the economy follows the same principle as it does within the corporation. Locked thus into competition, the degree of freedom of any single corporation to break away from this measuring rod—the rate of return on investment—is limited. Any change in the system has to be a change in the entire system.

Profitability and productivity, thus, are the indices of corporate success. They are the tests of meeting the demands of the marketplace and the demand for the efficient distribution of resources within the firm and between members of the society. This is the rationale for the *economizing* mode for the corporation, as for the economy.

Limits of the economizing mode

The theoretical virtue of the market is that it coordinates human interdependence in some optimal fashion, in accordance with the expressed preferences of buyers and sellers (within any given distribution of income). But what ultimately provides direction for the economy, as Veblen pointed out long ago, is not the price system but *the value system of the culture* in which the economy is embedded. The price system is only a mechanism for the relative allocation of goods and services within the framework of *the kinds of demand* generated. Accordingly, economic guidance can only be as efficacious as the cultural value system which shapes it.

The value system of industrial society (communist as well as cap-

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italist) has been centered around the desirability of economic growth; and the cultural value of Western society, particularly American society, has been the increase of private-consumption economic goods. There are, however, three drawbacks (at least) to this system.

The most important consideration is that it measures only *economic* goods. But as E. J. Mishan has pointed out, and as a once popular refrain once had it, "the best things in life are free." Clean air, beautiful scenery, pure water, sunshine, to say nothing of the imponderables such as ease of meeting friends, satisfaction in work, etc.—they are "free goods" either because they are so abundant that there is little or no cost, or because they are not appropriable and saleable. Such free goods contribute greatly to our total welfare. But in our present accounting schemes, priced at zero, they add nothing to the economist's measure of wealth. Nor, when they disappear, do they show up as subtractions from wealth.

The second consideration is that growth, as measured by our present economic accounting, tends to generate more and more "spillovers" which become costs borne directly by other private parties or distributed among the society as a whole. These are what economists call "externalities." Externalities (or "external costs"), as economists define the term, is the unintended or unplanned impact, the "fallout" on Third Party C (and often D, E, and F, as well), of a private transaction between parties A and B. The result is a social cost (though frequently a social benefit, too). The most obvious example of a social cost is air pollution—the result, in part, of the increasing number of private cars in the society. In every elementary economics textbook, air was once the classic illustration of the "free good." Yet the irony is that in the next 30 years one of the most scarce resources we may have, (in the sense of proportionately sharply rising costs) will be clean air. The costs of automobile disposal are not charged to the automobile owner; similarly, the costs of salvaging a depressed coal mining community are not charged to the companies selling the competing fuels which may have driven coal off the market.

The third problem with the economizing mode is that the value system of American society emphasizes, as the primary consideration, the satisfaction of individual private consumption; the result is an imbalance between public goods and private goods. In the popular psychology, taxes are not considered as the necessary purchase of public services that an individual cannot purchase for himself, but as money "taken away from *me* by *them*." Taxes, thus, are not considered as an addition to welfare, but as subtractions from it. This is reinforced by politicians who claim that taxes are too "high" (but by what stand-

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ard?) rather than asking: Are there needs which can be met only by public goods, and what are the taxes buying?

Thus, if one is trying to assess welfare (or the quality of life) in some optimal fashion, the problem is not only the simple commitment to economic growth, but the nature of the accounting and costing system of the economizing mode which has served to mask many of its deficiencies. Our fascination with Gross National Product is a good illustration.

GNP, private costs, and social costs

Conventionally we measure economic welfare primarily through the figures of Gross National Product. GNP was a marvelous economic concept. Developed largely by Simon Kuznets and his colleagues at the National Bureau of Economic Research in the late 1930's, it first came into government use in 1945 and is the basis of the framework of the United States National Economic Accounts. These accounts allow us to sketch the macroeconomic levels of activity in the society, and through them to measure economic shortfalls, the potentials of full employment revenues and the like, as a means of deciding on economic policy. But there are several drawbacks as well, particularly if we are concerned not only with wealth but the welfare of the society.

GNP measures the value of goods and services bought and sold in the market. But the measure itself is only "additive." It does not discriminate between a genuine addition to welfare and what, in effect, may be a subtraction but is counted as an economic plus. Thus, in the conventional example, the output of a steel mill is a value added to GNP. But if the steel mill pollutes a lake, and then uses additional resources to clean up the lake, that new expenditure is also added to GNP. Similarly an increase in environmental deterioration over time would not show up as a decline in real output because the flow of benefits from the environment is not counted as an output to begin with (e.g., the usability of a lake or river for swimming). But expenditures designed to reduce environmental deterioration would show up as increased real output.

More important, however, is the fact that in assessing *public* services we do not have a means of estimating actual benefits or values. In items that are sold in the market, such as automobiles or clothing, we have market prices as the value individuals place on the products. But how do we value publicly provided services such as health, or education, or protection? Our accounting system does so only by the "input" costs, not by the output values. Thus the "output" of police services is measured by salaries paid to members of the Police Department, the

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costs of police cars, etc., not by the social and economic value of crimes prevented or violators apprehended; the value of health services is measured by the costs of doctor's fees and drugs, not by the reduction of time lost on account of illness; the value of education is measured by the cost of teachers' salaries, equipment, etc., not by the value imputable to the gain in pupil knowledge.

This is a central problem in the question of how much money should be spent on "public goods." People grumble over taxes, but there is no way, at present, of showing that the benefits received for these services may be far greater than the costs. And while there is no way of knowing, it is likely that public services of this kind are "under valued," and therefore less appreciated.

The second limitation of the accounting system, which derives from the growing existence of externalities is the divergence between private and social costs. The idea of social costs is an old one, going back 150 years to the socialist economist Sismondi. But it was not until about 50 years ago, when A. C. Pigou wrote his *Economics of Welfare*, that the phenomenon of social costs was integrated into the conceptual system of neoclassical equilibrium economics. Pigou pointed out that the investment of additional resources may throw costs "upon people not directly concerned" such as the "uncompensated damage done to surrounding woods from railway engines."[3]

But for almost half a century, this idea of divergence between private cost and social cost was almost completely neglected. Now with the rising concern with environmental spoliation, the second-order consequences of technological change and the increase in "externalities," the problem has moved into the center of social policy. In the next decade one of the major social questions will be the determination of who is to pay the costs of such externalities, and how the amounts will be assessed. Which costs ought to be borne by the parties that generate the costs, and which, legitimately, should be

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[3]In his book, Pigou gave dozens of examples of similar "disservices": the destruction of neighborhoods by the construction of factories in residential districts; the costs to the consumers of competitive advertising; the increase in expenditures for police and prisons because of the rising sale of liquor; the overrunning of a neighbor's land by rabbits originating from game preserves; the costs of diplomacy and armies because of the rise of foreign investments, etc.

In this country the theme was elaborated by John Maurice Clark of Columbia, who, in his *Economics of Overhead Costs* (1923), drew a distinction between social and market values and between social and market costs. For Clark, as Allan Gruchy points out, the business concept of cost excluded many important social costs such as communal health hazards, unemployment and other costs associated with business fluctuations. Clark's concern was to bring commercial efficiency closer to social efficiency, and with making the economic system account for social values, clean air, scenic beauty, etc., as well as market values.

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borne by the society as a whole, will be one of the most difficult questions in the political economy of the future. What we have now is only the beginning awareness of the problem. What we lack is a genuine total cost matrix which, for particular instances, would be able to assess the costs and benefits of particular actions and policies.[4]

The sociologizing mode

Important as all these issues are, they do not go to the heart of the matter, which is that the economizing mode is based on the proposition that *individual* satisfaction is the unit in which costs and benefits are to be reckoned. This is an atomistic view of society and reflects the utilitarian fallacy that the sum total of individual decisions is equivalent to a social decision. Yet the aggregate of individual decisions has collective effects far beyond the power of any individual to manage, and which often vitiate the individual's desires. Thus, every individual may value the freedom and mobility which a personal automobile provides, yet the aggregate effect of so many autos on the roads at once can lead to clogged transportation. We might all accept, in the abstract, the principle that the automobile has become a vehicle of uglification; yet lacking a social decision about which alternative modes of transportation might best serve an area, I might have, willy-nilly, to go out and buy a car. Each of us, individually, may see the consequences of an individual action, but lacking a social mechanism to assess it, we become helpless, drift, and thereby accelerate it.

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[4] I do not minimize the technical and political difficulties of establishing such a matrix. Let me provide a "homely" example of a problem which, many years ago, first brought the social cost problem to my personal attention.

In New York City when I was a boy, snow was removed from the streets by the hiring of extra trucks which would cart mounds of it away and dump it in the river. Many years later, Paul Screvane, who was the Commissioner of Sanitation, ordered his men to push the snow into the middle of the streets, where it was churned into slush by passing cars. Perhaps he did it because the costs of hiring trucks had gone up exorbitantly, or because he wanted to demonstrate an outstanding record in office so that he could run for mayor. The sanitation department showed a commendable record of economy. But (as I figured out from the records of the Industry and Commerce Association), after each snowfall the cleaning and dyeing bills in the city went up substantially, because the passing cars would splatter the clothes of the innocent bystander.

Now, which was the "rational" solution? One could say that Screvane's method was highly irrational, because it passed the costs of snow removal onto the backs of the unfortunate pedestrians, and if the cleaning and dyeing bills were higher than the cost of hiring additional trucks, it was truly a misallocation of resources. Yet one could also say that if the trucks had been hired, direct city expenses would have been increased and taxes would have to go up, increasing the resentments of the taxpayers in the city, so that the system of "Russian roulette" whereby a random group of bystanders bore the costs might have a greater "political" rationality than economic cost-benefit analysis.

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In effect, in contrast to the economizing mode of thought, one can specify—I apologize for the heavy-handed clumsiness—a sociologizing mode, or the effort to judge a society's needs in more conscious fashion[5], and (to use an old-fashioned terminology) to do so on the basis of some explicit conception of the "public interest."

Two fundamental questions are involved.

First, the conscious establishment of social justice by the inclusion of all persons *into* the society. If the value system of a society is made more explicit as a means of guiding the allocative system (pricing) of a society, this value system must also establish, however roughly, the "right" distribution of income in the society, the minimum income available to all citizens, etc.

The second is the relative size of the public and the private sector. Economic goods, to put it in textbook fashion, are of two types, individual and social. Individual goods are "divisible;" each person buys the goods or services he wants—clothes, appliances, automobiles—on the basis of free consumer choice. Social goods are not "divisible" into individual items of possession, but are a communal service—national defense, police and fire protection, public parks, water resources, highways, and the like. These goods and services are not sold to individual consumers and are not adjusted to individual tastes. The nature and amounts of these goods must be set by a single decision, applicable jointly to all persons. Social goods are subject, therefore, to communal or political, rather than individual demand.

A man cannot ask for and individually buy in the market place his share of unpolluted air, even if he were willing to pay extra for it. These are actions that have to be taken in coordinated fashion through public channels. We can assign the costs of air pollution to its source, whether industrial, municipal, or individual, in order to force culprits to reduce the pollution, or we can use the money for remedial measures. In the same way, the laying out of roads, the planning of cities, the control of congestion, the organization of health care, the cleaning up of environmental pollution, the support of education—all these, necessarily, become matters of public policy, of public concern and often (though not necessarily) of public funding.

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[5]One can say, theoretically, that the price system could manage the problem, e.g., when the costs of individual congestion became high it would then become profitable for alternative modes of transportation to compete with the private car. But the price system, in this instance, relies on *trial and error* to assess the result. The difficulty is that such assessments, *after the fact*, are likely to be futile—an enormous amount of resources would have been misallocated, and a preemptive "system" of transportation will have been established. Under such a system, clogged highways will eventually result in the building of more highways.

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To say, in effect, that the public sector of the society has to be expanded, is not to assume, naively, that the failures of the market will now be remedied. Each arena has its own problems, and the beginning of political wisdom is to recognize the ineluctable difficulties in each. Public decision-making can easily be as irrational and counter-productive as private decision-making. The major sociological problem ahead will be the test of our ability to *foresee* the effects of social and technological change and to *construct alternative courses* in accordance with different valuations of ends, at different costs.

Varieties of planning

A considerable amount of planning goes on already. Every major corporation today necessarily operates in accordance with a one-year fiscal plan and a five-year market strategy in order to meet competition or to expand its size. Each company plans singly and each introduces its own new technologies—yet no one monitors the collective effects. The same is true of the planning of various government agencies. In considering social effects, one finds this kind of planning unsatisfactory.

The first flaw is the fallacy inherent in single-purpose planning itself.[6] Most engineers, developers, industrialists, and government officials are single-purpose planners. The objective they have in mind is related almost solely to the immediate problem at hand—whether it be a power site, a highway, a canal, a river development—and even when cost-benefit analysis is used (as in the case of the Army Corps of Engineers) there is little awareness of, and almost no attempt to measure, the multiple consequences (i.e., the second-order and third-order effects) of the new system.

The second is the failure to make the necessary distinction between, as Veblen put it, the technological and institutional processes, or, in the terminology used by a panel of the National Academy of Sciences, between the "technologies" and "the supporting system." The automobile, the SST, pesticides, drugs—all these are technologies in the physical engineering sense of the term. The support system is the organization of production and distribution, or more generally the economic and legal matrix in which the technology is embedded. The simple point is that there is no "technological imperative," no exact one-to-one correspondence between a particular technology and a specific supporting system. As Jack Burnham pointed out in a pungent

[6]For an elaboration of this point, see Harold Gilliam, "The Fallacy of Single-Purpose Planning," in the *Daedalus* issue on America's Changing Environment (Fall 1967).

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way: "When we buy an automobile we no longer buy an object in the old sense of the word, but instead we purchase a three-to-five year lease for participation in the state-recognized private transportation system, a highway system, a traffic safety system, an industrial parts-replacement system, a costly insurance sytem. . . ."[7]

One may, therefore, depending on the problem, seek to change either the technology (the gasoline engine) or the support system (unrestricted private use of the roads). But what this allows us to do is to compare alternative modes, at alternative costs, and to design better systems to serve social needs. This, in turn, suggests a need for national "technology assessment."[8] With few exceptions, the decision about the future use of a technology today is made by the economic or institutional interests who will primarily benefit from it. But as the panel of the National Academy of Sciences argues: "Decisions concerning the development and application of new technologies must not be allowed to rest solely on their immediate utility to their sponsors and users. Timely consideration must be given to their long-term sacrifices entailed by their use and proliferation, and to potentially injurious effects upon sectors of society and the environment often quite remote from the places of production and application."

In rather inchoate fashion, assessment and decisional systems already exist in the federal government. The Federal Water Pollution Control Administration, the National Air Pollution Control Administration, and the Environmental Control Administration, all are empowered to make studies of consequences; but they have less power to establish controls. Some agencies, such as the Atomic Energy Commission both promote new technology (e.g., nuclear power) and assess the consequences. But what may be needed are *independent* boards to make assessment and propose remedial actions to the executive or to Congress. Whatever the final structures may be, it is clear that some social decision mechanisms will have to emerge in the next few years to make such assessments of second-order effects of technological and

[7]Jack Burnham, *Beyond Modern Sculpture,* (New York, 1968). If one asks what a sculptor is doing in discussing the automobile system, his argument is cast in the context of the disappearance of "objects" in contemporary society and its replacement by "systems."

[8]The idea of "technology assessment grew largely out of the studies of the House Science and Astronautics Committee under the leadership of Congressman Daddario. Two panels, one in the National Academy of Sciences and one in the National Academy of Engineering were set up to test the feasability of the idea. The National Academy of Sciences Panel, under the direction of Harvey Brooks, agreed that assessment was possible and proposed a number of ways in which the process could be implemented in government. The Engineering panel undertook three studies—of subsonic aircraft noise, of computer-assisted instruction, and of multiphasic health screening—to further this idea. Both reports on Technology Assessment were published by the Morse Committee in July 1969.

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social change. New and large powers will be vested in administrative boards. New and complex tasks will confront the Congress.

And for the private corporation, a new principle in the relation of corporations to public policy will soon be emerging. Just as it has been public policy to provide tax inducements to help corporations expand plant capacity (by investment credits, or more rapid depreciation allowances), so it will be public policy to provide tax penalties either to force corporations to bear the burdens of social costs generated by the firm, or to favor an alternative technology or supporting system if the social costs can be minimized by the alternative system or the social benefits enhanced. Given the collective effects of private decisions, this involvement of public policy in corporate policy is inescapable.

Just as we may be moving into technology assessment, so we shall have to cope with social assessments as well. For example, the social map of the United States was redrawn after World War II by the rapid expansion of the suburbs and the extraordinary rise in suburban home ownership. But all this was made possible only as a matter of public policy: by federal guarantee of mortgages; by low downpayments by veterans (often as little as 10 per cent down on a purchase price) so that "owning" became cheaper than renting; and by the policy of permitting the deduction of interest payments on mortgages from income taxes. But no one questioned the existing "support system" of large numbers of small developers creating tracts of unattached houses in mechanical grids.

There can be, let us say, three alternative models of suburban development: one, a pattern of detached homes with private walkways and separate garages; the second, a set of "cluster houses" with the sharing of common auxiliary facilities (e.g., garaging); and third, high-rise apartment houses with large green spaces. Each of these developments has vastly different "social costs" which are borne by the community, not by the developer (the pattern of roads, auxiliary land use, the location of schools, etc.). Yet these social costs are rarely, if ever, taken into consideration. There is no "total cost matrix" to make a buyer aware of what the alternative styles could cost him in terms of the secondary costs he and the community would have to pay as a result of his choice. Nor has public policy ever sought to make such a determination.

Now, I am not arguing that consumers should be required to take one or another of the patterns. But intelligent public policy—because it is public monies that are facilitating this social change—should inquire into the alternative total cost matrices of the different patterns, and of the consequences of maintaining or changing existing institu-

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tional patterns of home building and development. It is not a matter of "interference" or "non-interference" in the society; *any* action (including non-action) is bound to strengthen or weaken one or another vested interest. It is a matter of making the choices and consequences explicit.

The corporation as a sociological institution

In traditional corporate law, property is defined as things *(res),* but the major lesson which corporations have learned in the last 30 years is that a corporation, while producing things, is made up of people, and that one cannot treat people—at least managerial and white collar personnel—as things.

Corporations are institutions for economizing; but they are also ways of life for their members. Until the early years of the 20th century, the life of most Americans was bounded by the isolated small town, the church, and the family. The small town has virtually disappeared; the church has lost much of its emotional hold on people; and the tight bond between family and occupation, which gave a unity to life—the family farm, the family business, or the family occupation which the son inherited—has been sundered. The breakup of that traditional way of life, and the consequent sense of uprootedness and disorientation, is the source of what sociologists call *anomie.*

Emile Durkheim, the French sociologist who coined that term, thought that for *anomie* to be resolved there must be a group which could provide a sense of kindredness and common purpose for its members. Political society, he thought, was too amorphous and too distant. The answer, he said, lay in the occupational group, the profession, which could provide a new ethic for society. One of Durkheim's chief expositors, Elton Mayo of the Harvard Business School, thought that this purpose could be most effectively realized in the business corporation.

For a significant number of persons, this has necessarily become the case. The "four wishes" which the late sociologist W. I. Thomas thought were basic to human experience—the wish for security, for new experience, for response, and for recognition—can for these men only be obtained within the corporate milieu. Much of this led, 20 years ago, to the creation of the derogatory expression, "the organization man," as signifying a new kind of conformity. If the image were meant to suggest that previously men had been free and individualist and now were uniform and identical, the history was mythical and the irony was simply a new ideology. For life in the small town had been largely narrow and bigoted—one has only to recall Sinclair Lewis's

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Main Street—and the world of organizations offered an authentic, fresh challenge and opportunity. Corporations can be forces for conformity; and they can equally be arenas for personal initiative.

A business corporation, like a university, or a government agency, or a large hospital—each with its hierarchy and status system—is now a lifetime experience for many of its members. Necessarily, therefore, it can no longer be an instrument satisfying a single end—in the case of the business corporation, only turning out its goods and services—but it has to be a satisfactory way of life for its members. It not only has to satisfy its customers; it has to be agreeable to its "self."

A business corporation, however, is subject to different constraints, and has a somewhat different ethos, from a university or a government agency or a hospital. Corporations, unlike the other three, are competitive and have to be profitable. (And the profits, moreover, are often a major support—through taxes— of the other three.) Even so, if we set up a continuum, with *economizing* at one end of the scale (in which all aspects of organization are single-mindedly reduced to becoming means to the goals of production and profit) and *sociologizing* at the other (in which all workers are guaranteed lifetime jobs, and the satisfaction of the work force becomes the primary levy on resources), then in the last 30 years the corporation has been moving steadily, for almost all its employees, towards the *sociologizing* end of the scale. One has only to note, in the rising percentage of "fringe benefit costs," the index of that shift—vacations, disability pay, health insurance, supplementary unemployment benefits, pensions, and the like.

All of this, historically, was inescapable. To the extent that the traditional sources of social support (the small town, church and family), have crumbled in society, new kinds of organizations, particularly the corporation, have taken their place; and these inevitably become the arenas in which the demands for security, justice, and esteem are made. To think of the business corporation, then, simply as an economic instrument is to fail totally to understand the meaning of the social changes of the last half century.

The balance of obligation

When one uses the phrase the "social responsibility" of the corporation, one is not indulging in rhetoric (though many corporate officials are), or thinking of *noblesse oblige* (which fewer corporate officials do), or assuming that some subversive doctrine is being smuggled into society (as some laissez-faire economists suggest), but simply accepting a cardinal socio-psychological fact about human attachments.

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Unless one assumes that loyalty and identification are simply monetary transactions, or that employment is simply a limited relation of service-for-payment, then the corporation is a social world, with social obligations to its members, as well as an economizing instrument competitively providing goods at least cost to an economic world of consumers.

But what is the balance of obligation, and how far can one go in either direction? Perhaps the best way of trying to deal with this question is to confront some questions which have already emerged or which may be emerging in the next decade.

1. Satisfaction on the Job. The trite observation from the "human relations" literature of 20 years ago was that a man more satisfied with his job was likely to have higher morale and be more productive. Thus, the mechanical layout of work, set down by the engineer, was modified to take into account the findings of industrial psychologists and sociologists. The increase in costs could be justified by the more than proportional increase in productivity.

But what if a change in job patterns increases satisfaction but does *not* increase productivity? What is the corporation to do? The conventional answer is that the primary obligation of the corporation is to profits and that marginal increases in costs can only be justified by marginal increases in productivity. But let us take a variant of this problem. When a corporation hires more women, and these women ask for child-care centers to be paid for and maintained by the company, is it obligated to do so? The question is not just of treating such centers as a necessary cost to attract female labor when one has a tight labor market, but of a change in social values which would permit women who want to work to go back to work during the years when their children are young. A child-care center is a necessary component of job satisfaction for young women, even though it may add costs to a company far beyond the "gains" in productivity from such women. Does the conventional principle still hold?

2. Minority Employment. Does a corporation have a special obligation to take on a larger proportion of persons from minority groups which have suffered historical disadvantage—even if such persons are less able than a competitor for the job? And if the employment of such a person increases training costs and may lead to lower productivity? The problem, in principle, is no different from that of a university which may have to set aside a special quota and, sometimes, given the limited number of places, exclude "majority" group persons who on the formal criteria of merit (e.g., test scores, grades) may be more qualified. The question of merit versus social justice is, as most complex moral problems, a question of "right" versus "right," rather than

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right versus wrong. Where there is such a conflict of right, how does one balance one's obligations?

3. Relative Pay. How does one decide what a man is worth? A pure market principle, of competing supply and demand, only reflects relative scarcities, but relative scarcity is not identical with social justice. In most American industry, a distinction is still maintained between blue collar work, wherein a man is paid by the piece or the hour, and white collar work wherein a man is paid by the week or month. A few corporations—IBM, Texas Instruments—have abolished the distinction, but not many have followed that lead. What is the rationale for this invidious status distinction?

Within the corporation itself, the differential between the lowest paid (often the common labor rate) and the average of the top executive group may be about 25:1 or higher. On what basis is this spread justified? The original rationale was the market. But increasingly the market becomes less relevant for the determination of the relative differences between "grades" of labor and persons. Elliot Jaques, the English industrial psychologist, has sought to work out a principle of "equitable" pay on the basis of differential responsibility between jobs —as measured, for example, by the amount of independent time a man has to do a job and the degree of supervision. There may be other such "formal" systems. But because human beings want and need a clear rationale for the differences in reward among them, some principle of social justice for social distinctions will have to be articulated.

4. Responsibility to a Community. An old problem, but one which recurs as increasingly the corporation becomes the way of life for its members. Beyond the payment of taxes, what obligations does a corporation have to the local community where it locates its plants and headquarters? What are its responsibilities in creating amenities and a more satisfactory social and cultural environment?

5. Responsibility for the Environment. In the last few years, the corporation, along with the rest of the society, has learned that the environment cannot be treated as a "free good." How the costs are to be divided will be, as I have already indicated, one of the most difficult technical-political issues of the decade.

6. The Confrontation with Moral Issues. The corporation, like the university, has always pleaded that on moral questions it is "value-neutral." As a corporation, its obligation is to seek the best return on investment. But value neutrality is no longer so easily possible. The difficulty arising from American private investment in South Africa illustrates the problem. In the classic morality tale of 50 years ago, the example was one of the local church which gained an income from

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properties on which brothels were located. The church could always claim a trade-off by arguing that it saved as many souls as it lost bodies. Such a calculus was never entirely convincing. A corporation's claim that it saves as many bodies as it loses souls is not likely to be more so.

What all this adds up to is that, on the continuum I have drawn of the *economizing* and *sociologizing* modes, the balance of attention shifts more and more to the latter. And, while on the particular questions I have cited which the corporation will face in the next decade, there are no exact answers or ready-made formulae, the standpoint from which the decisions will be considered will, more and more, be made from the sociological viewpoint.

The turning point for the corporation

The question of "social responsibility" is, I believe, the crux of a debate that will become crucial in the next few years. One position has been put forth by Milton Friedman:

> What does it mean to say that the corporate executive has a 'social responsibility' in his capacity as businessman? If this statement is not pure rhetoric, it must mean that he is to act in some way that is not in the interest of his employers. For example, that he is to refrain from increasing the price of the product in order to contribute to the social objective of preventing inflation, even though a price increase would be in the best interests of his corporation. Or that he is to make expenditures on reducing pollution beyond the amount that is in the best interests of the corporation or that is required by law in order to contribute to the social objective of improving the environment. Or that, at the expense of corporate profits, he is to hire 'hard-core' unemployed instead of better qualified available workmen to contribute to the social objective of reducing poverty. . . .
>
> In a free-enterprise, private property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.[9]

There are two different kinds of answers to Friedman. Both were given recently by Alden Clausen, the new president and chief executive officer of the Bank of America, the biggest bank in the world.

For Clausen, one crucial question is: In what social context does the corporation operate today? As a recent article in *Fortune*, by John Davenport, reported: "To keep this giant money machine profitably

[9]From "The Social Responsibility of Business Is to Increase Its Profits," in *The Sunday Times Magazine*, September 13, 1970. The argument is elaborated in Friedman's book, *Capitalism and Freedom*.

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growing is the first business of Alden Winship (Tom) Clausen. . . . It is of some significance that . . . his thoughts turn often to: how to alleviate if not cure the blight now spreading at Hunter's Point and south of Market Street [in San Francisco]; how to crack the city's hard-core unemployment; how to cope with student unrest at Berkeley or down the peninsula at Stanford."

In defending these objectives, Clausen confronted directly the views of Friedman. As the article in *Fortune* reported:

> At the moment Clausen and his associates are less interested in modifying their bank's capital structure than in charting a course through a period when capitalism itself is under intense attack. . . .
>
> . . . Business, he argued, has to concern itself with nonbusiness problems today if it wants to be around tomorrow. The Friedman view is okay in the short pull. 'But in the long pull, nobody can expect to make profits —or have any meaningful use for profits—if the whole fabric of society is being ripped to shreds.'
>
> There is, equally, a different question, apart from social expediency: Below the surface of this clash of views, there lies an important but seldomly explicated confronted question about the nature of the corporation. Friedman sees the corporation as fundamentally an 'artificial person' and the corporate manager as simply an agent of individual shareholders. Clausen sees the corporation as having a kind of life of its own, and hence having a certain freedom of choice in balancing its contribution to the long-range needs of the community against the immediate demands of owners.

And, as the writer John Davenport, himself a distinguished conservative, comments: There may be dangers lurking in Clausen's view of corporate autonomy, but there is surely something unrealistic in the view that society is just an atomized collection of individuals.[10]

The heart of the matter is the question of the nature of the corporation. Is the corporation primarily an instrument of "owners"—legally the stockholders—or is it an autonomous enterprise which, despite its particular history, has become—or should become—an instrument for service to society in a system of pluralist powers?

A classic debate on that question was initiated 40 years ago in the pages of the *Harvard Law Review* by A. A. Berle and Merrick Dodd. Berle held to the view, at the time (he later revised his views) that all corporate powers are powers in trust for the benefit of the stockholders. Dodd argued that legally such was the case, but the use of private property was deeply affected with a public interest and that the directors should be viewed as trustees for the enterprise as a whole —for the corporation viewed as an institution—and not merely as

[10]John Davenport, "Bank of America Is Not for Burning," *Fortune,* January 1971.

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"attorneys for the stockholders." Berle responded that, since one could not offer "a clear and reasonably enforceable scheme of responsibilities to someone else," Dodd's proposal would place the control of the organization entirely in the hands of management. The problem, as he saw it, was: If there is not a prior legal statement of responsibility to the stockholders, how does one prevent management from exercising arbitrary social and political power, or from becoming overreaching and self-seeking?

This legal—and sociological—issue remains. Is the manager primarily a trustee for absentee investors? Or is the role of the manager, as Frank Abrams, when he was chairman of the board of Standard Oil of New Jersey, put it, to conduct his affairs "in such a way as to maintain an equitable and working balance among the claims of the various directly interested groups—stockholders, employees, customers and the public at large."

Private property or private enterprise?

The modern business corporation has lost many of the historic features of traditional capitalism, yet it has, for lack of a new rationale, retained the old ideology—and finds itself trapped by it.

Unhappy is a society that has run out of words to describe what is going on. So Thurman Arnold observed in connection with the language of private property—the myths and folklore of capitalism—which even 30 years ago was hopelessly out of date. *The point is that today ownership is simply a legal fiction.*

A stockholder is an owner because, in theory, he has put up equity capital and taken a risk. But only a minor proportion of corporate capital today is raised through the sale of equity capital. A more significant portion of capital comes through self-financing, by the success of the enterprise itself. In the last decade, more than 60 per cent of the capital investment of the nation's 1,000 largest manufacturing firms was financed internally. Retained capital is the basis of the rise in net assets of large corporations. And the growth of retained capital is the product of managerial skill. (Equally, a large portion of new capital is raised by debentures, which become a fixed charge against earnings, rather than through floating equity or risk stock. Debentures hinge on the stability of the company and the prospect of repayment—again a managerial problem.)

If one were to follow the logic of Friedman's argument, as he does—it is his strength and weakness that he always follows the logic of his argument, to the very end—one would have to outlaw or at least

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discourage self-financing. Under the "pure" theory of market capitalism, a firm risks a stockholder's capital and then pays back any profits —in the form of dividends—to its legal owners, the stockholders. If it seeks to risk that money again, it should ask those stockholders to reinvest that money, rather than withhold it from them and reinvest it by managerial decision. Friedman argues that it is only the "double taxation" (through corporate and personal income tax) of dividends that prevents such a desirable state of affairs from emerging. But I should say that such a state of affairs is neither desirable nor possible. Given the pattern of stock ownership today—particularly with the growth of mutual funds, pension funds and trust funds—the stockholder is often an "in-and-out" person with little continuing interest in the enterprise. Such an in-and-out procedure may be a useful discipline for management and a measure of economic performance—but then it becomes a form of countervailing power, not ownership. True owners are involved directly and psychologically in the fate of an enterprise; and this description better fits the employees of the corporation, not its stockholders. For these employees, the corporation is a social institution which they inhabit. It is politically and morally unthinkable that their lives should be at the mercy of a financial speculator.

In other words, the corporation may be a *private enterprise* institution, but it is not really a *private property* institution. (If the assets of the enterprise are primarily the skill of its managerial employees, not machinery or things—and this is preeminently true in the science-based industries, in communications, and in the so-called "knowledge industries"—then property is anyway of lesser importance.) And if ownership is largely a legal fiction, then one ought to adopt a more realistic attitude to it. One can treat stockholders not as "owners" but as legitimate claimants to some fixed share of the profits of a corporation—and to nothing more.

The meaning of "a corporation"

What then is a corporation? If one goes back to the original meaning of the term, as a social invention of the late Middle Ages to meet some novel problems, a corporation was an instrument for self-governance for groups carrying on a common activity (artisan guilds, local boroughs, ecclesiastical bodies); it often had common economic assets, and its existence would persist beyond the lives of its individual members. Those who were "members" of the corporation were those directly responsible for its activities, those who were the legatees of the past members, and those chosen to carry on the work.

A business corporation today—like a university today—can be

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viewed in this original sociological conception of the term. Indeed, if one begins to look on the business corporation more and more on the model of the university, then the fallacy of ownership becomes more apparent. Who "owns" Harvard or the University of Chicago? Legally the "corporation," as composed by the overseers or the trustees. But in any sociological sense this is meaningless. The university is a self-selective ongoing enterprise of its members (administration, faculty, students, and alumni, with differential responsibilities and obligations) who seek to carry out its purposes with due regard to the interests of the particular community which constitutes the university —and also to the larger community that makes the university possible.

As a business institution, the "corporation" is the management and the board of directors, operating as trustees for members of the enterprise as a whole—not just stockholders, but workers and consumers too—and with due regard to the interests of society as a whole. But if this view is accepted, there is a significant logical corollary—that the constituencies which make up the corporation themselves have to be represented within the board of corporate power. Without that, there is no effective countervailing power to that of executive management. More important, without such representation, there would be a serious question about the "legitimacy" of managerial power.

How such constituencies might be represented is a question to be explored. A dozen years ago, Bayless Manning, Jr., until recently the Dean of the Stanford Law School, sought to picture the corporation as if it were in law what it often is in fact, as a kind of "voting trust" wherein the stockholder delegates all his rights, except that of collecting dividends, to the directors. In order to establish some check on the board of directors, he proposed a "second chamber," an "extrinsic body," which would review decisions of the board where conflicts of interest arose—such as compensation of officers, contributions to other enterprises (universities, community efforts, etc.) not directly related to a company's business, clashes with a public interest, etc.

It is beyond the scope of this essay, and the competence of the author, to estimate the viability of these—or other—specific proposals. The problem is there; it is not going to go away; and discussion of possible resolutions is anything but premature.

From bitterness to banality

As a debate on these issues continues, one important consideration should be kept in mind—the bitterness of one generation is often the

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banality of another. Who, today, gives a second thought to Savings Bank Life Insurance? Yet this idea, authored by Louis D. Brandeis in Massachusetts, was fought for five months in passage through the legislature and was marked by one of the bitterest fights ever witnessed on Beacon Hill. (One line of attack was that people would not voluntarily seek insurance, and that they would not take it out at all if the expensive system of soliciting by agents were done away with.) The issue gave Brandeis a national reputation, and eventually brought Brandeis to the Supreme Court. The reputation remained, but the issue itself soon faded.

The lesson, however, was not, and is still not wholly learned—reforms will never be as sweeping in their effects as their proponents hope, and the results will rarely be as damaging and apocalyptic as the opponents fear. Workmen's compensation was an issue that inflamed a generation of radicals and was fought by industry on the ground that it would relieve the workman of "individual responsibility" for his actions; yet who today would deny that industrial safety is a legitimate cost of factory operations?

Such reforms are always an expression of a revision—implicit or explicit—in the American "public philosophy." This kind of "revisionism" is inevitable as men and societies change, and as the dominant values assume a new shape. The private enterprise system has been the primary institution of Western society not because of its coercive power but because its values—economizing and increasing output of material goods—were congruent with the major consumer values of the society. With all its obvious imperfections the system "worked." Today, however, those values are themselves being questioned, not in the way socialists and radicals questioned them a generation ago—that they were achieved at the cost of exploiting the worker—but at the very core, the creation of more private goods at the expense of other social values. I return to a point made earlier that unlike the polity, no one, meeting collectively "voted in" our market economy. But now votes are being taken.

It seems clear to me that, today, we in America are moving away from a society based on a private-enterprise market system toward one in which the most important economic decisions will be made at the political level, in terms of consciously-defined "goals" and "priorities." The dangers inherent in such a shift are familiar enough to anyone acquainted with the liberal tradition. In the past, there was an "unspoken consensus," and the public philosophy did not need to be articulated. And this was a strength, for articulation often invites trials by force when implicit differences are made manifest.

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Today, however, there is a visible change from market to non-market political decision-making. The market disperses responsibility: the political center is visible, the question of who gains and who loses is clear, and government becomes a cockpit.

But to be hypnotized by such dangers is little less than frivolous. No social or economic order has a writ of immortality, and the consumer-oriented free-enterprise society no longer satisfies the citizenry, as once it did. So it will have to change, in order that something we still recognize as a liberal society might survive.

Whether such a change will represent "progress" is a nice metaphysical question that I, for one, do not know how to answer. This was a society "designed" by Locke and Smith and it rested on the premises of individualism and market rationality in which the varied ends desired by individuals would be maximized by free exchange. We now move to a communal ethic, without that community being, as yet, wholly defined. In a sense, the movement away from governance by political economy to governance by political philosophy—for that is the meaning of the shift—is a return to pre-capitalist modes of social thought. But whether this be progress or regress, it clearly makes it incumbent upon us to think more candidly and rigorously about our values, and about the kind of world we wish to live in.

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On making the future safe for mankind

E. J. MISHAN

A CLOSE study of history might yet uncover periods during which there was, no less than in our own day, trepidation, obsessive soul-searching, and persistent reappraisal of contemporary manners and institutions. There may, too, have been times like our own in which people looked back with cynicism and nostalgia and looked forward with exhilaration and apprehension. But I doubt whether the prevailing anxiety has ever spread so wide, or whether the sense of something awry, of "something rotten in the state of Denmark" has ever before reached so far down into all strata of society and agitated it at every level.

The phenomenon need cause no wonder if we bear in mind that humanity today stands, not at the edge of one crisis, but at a confluence of three crises—technological, ecological and social—all obviously related and all engrossing our attention over the last decade. For the development of mass media ensures that, whatever the specific forebodings, no segment of society can be deprived of its due share in the general alarum.

The pace of technological advance is the primary fact and is itself responsible for the other two crises: an ecological crisis currently

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dramatized by the phrase "the population explosion," but whose chief visible manifestation is the spread of industrial pollutants over land, sea, and air; and, arising largely from the mounting frustrations of urban life, a social crisis, a seemingly chronic restlessness and discontent marked by such familiar symptoms as the growth of drug addiction, of wantonness, obscenity, and incipient violence. Add to these sources of apprehension the emerging vision of an automated, computerized, highly programmed, and centrally controlled society on the one hand, and, on the other, the existing balance of terror between the great powers, each searching relentlessly for new weapons of yet more incredible destructiveness, and it becomes evident that the phrase "living on the brink of annihilation" is today no idle hyperbole. The crisis, or the conjuncture of crises, is all too real, all too fearful, and quite unprecedented.

It is my conviction that the continued pursuit of economic growth by the "advanced" nations is itself almost wholly responsible for the crisis. The general acceptance of such a view by society, I need hardly remark, would have far-reaching implications for the conduct of our economic policies. Once convinced of the close connections that exist between economic growth and the less amiable features of our civilization, we could no longer anticipate an eventual improvement in our condition by the simple expedient of moving with greater or less momentum along this familiar path. We would think differently, we would act differently, and eventually we would live differently.

Historical complacency

Let us ask an apparently naive question: If it is true that society finds itself at the confluence of these crises, why is it that we have been so tardy in recognizing it? Two closely connected reasons suggest themselves. The first concerns the entrenchment in our over-sized societies of existing institutions—political, economic, technological—and the apparently irresistible momentum they set up toward further economic and technological development. The second reason, which I take up immediately, covers those aspects of the ideology of perpetual progress which, on the basis of confused thinking, lend themselves to complacency—to the belief that there is really nothing to be alarmed about after all. This complacency expresses itself in two main forms, the historical and the scientific.

Those exuding the historical form of complacency use ridicule, most of which turns rather monotonously on such epithets as "Doomsday prophets," "Modern Jeremiahs," and "latter-day Cassandras"—forget-

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ting, perhaps, that Cassandra was invariably right. More important, however, is their use of history as a means of dispelling concern. Talk of unprecedented happenings and they will immediately quote you some historical parallel. *Plus ça change plus c'est la même chose* is the refrain, at once cynical and comforting.

For at least two centuries, they will point out, men have distrusted machines. But, I would say, they were not always wrong. The first half of the 19th century was, in Britain, a time of acute distress, suffering, and degradation for the laboring classes—men, women and children. Whether such an epoch, with its evocation of the "dark satanic mills," was a necessary condition for the material advance of later generations is doubtful. If it was necessary, there is still a question as to whether this kind of inter-generational distribution of costs and benefits is politically moral. But what is more pertinent is the fact that the "industrial revolution" which began in the 18th century or earlier, far from abating, is gathering force and, propelled by the boundless ambitions of technocrats, is expanding over the earth on a scale that has begun to fissure the physical environment and to produce complex chains of ecological disruption. The forebodings of the past may after all soon be vindicated.

The complacent historian may observe that for at least four centuries men have looked back wistfully to an earlier age and deplored the growing materialism and irreligion, the unnecessary bustle and change, etc., etc. From this observation one may deduce a number of things, but *not* that the present age is no more materialistic, no more irreligious, or no more rapidly changing than any other period in history. Since the age of Chaucer historians have been delighted to discover—in poems, essays, sermons, plays, diaries, and novels—a recurring nostalgia for the times when nature was more abundant, communities more intimate, and life more wholesome. In particular, they will find a recurring dismay at the disappearance of the green forests and of the irreplaceable beauty of the English countryside. And if today conservationists inherit this mood of concern and deplore the rapid erosion, since World War II, of coastline, of meadow, dale, and woodland—much, that is, of our remaining scenic heritage—one may legitimately infer that the concern of some people at the destruction of the rare and the beautiful is one of the abiding characteristics of humanity. One *cannot* infer, however, that things have not really changed, and have not changed for the worse in this respect. One cannot deny, moreover, that the remaining area of accessible natural beauty is but a tiny fraction of what it was during, say, the 18th century—when the population, incidentally, was less than a fifth of the

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present population, and the size of the towns was such that wherever a man dwelt or worked he could be in the open country within a few minutes.

Again, the belief that the end of the world was drawing nigh has been widely held at different times in human history. But from this historic fact there is no consolation to be gained. Only since the last war have men succeeded finally in prying open Pandora's box, and among other exciting things which flew out was the secret of instant annihilation of all living things. Time, measured only in short years, will disseminate this sort of knowledge among smaller, poorer, and less stable nations, some of which are ruled by adventurers or fanatics. From this prospect alone one may conclude that the chance of human life surviving for another century is not strong. To annihilation as the result of human irresponsibility, from military mischance or bluff carried too far, must be added the chances of extinction of our species from uncontrollable epidemics caused by the deadlier viruses that have evolved in response to widespread application of new "miracle" drugs, or from some ecological calamity caused by our inadvertent destruction of those forms of animal and insect life that once preyed on the pests that consumed men's harvests. In sum, doomsday fears of yesterday had no rational basis. Those of today have plenty.

Scientific complacency

The second form which complacency takes is one that is most congenial to the forward-looking scientific spirit, one that implies a view of man's destiny best summarized by Arnold Toynbee's thesis of "challenge and response," a view that is itself strengthened by a belief in the infinite adaptability of man. This was Sir Peter Medawar's view in his address to the British Association in 1969, during which he assured his audience that "the deterioration of the environment produced by technology is a technological problem for which technology has found, is finding, and will continue to find solutions." Admitting that there are difficulties technology will have to overcome, Sir Peter ended with an affirmation of faith in the beneficent potential of science and dismissed the faint-hearted and the doubting Thomases as follows: "To deride the hope of progress is the ultimate fatuity, the last word in poverty of spirit and meanness of mind." Splendid language—though it smacks more of hubris than of faith. Faith speaks in a humbler key.

But however we rate this peroration, the question is surely whether we are to be guided by faith at all. Never in history did we need faith less and agnosticism more, an agnosticism that must encompass also

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the scientific attitude and the implicit judgments of science. Indeed, irreverence must go further if we are at all in earnest. Not even the pursuit of knowledge for its own sake can qualify as a right in the agenda of a sane society. Unless such activity is motivated and constrained by decent and humane ends, it must remain suspect. Contrary, then, to the prevailing ethos, a vaunted thirst for knowledge is no more laudable than a perpetual greed for possessions. On the authority of the Bible we have it that "He that increaseth knowledge increaseth sorrow." Though the revival of learning and the pursuit of knowledge can indeed make life more interesting and pleasant, it can also outreach its usefulness and become an obsessive activity, gathering pace and extension irrespective of its effects on society. More forthrightly, the growth of scientific knowledge over the last four centuries, channeled into a thousand specializations, and translated into technology by market forces or state power, has become subversive of civilized living.

Let us return in a less accommodating mood to this invitation from a renowned scientist to repose our hopes for a better future in the further advances of science, and to believe that technology will itself solve the problems bequeathed to us by its widespread application—problems such as burgeoning populations, atmospheric pollution, traffic-choked cities, oil-fouled beaches, aircraft noise, and so on. The first thought which *should* occur to us is that such problems can also be solved by the use of less technology, not more. By reducing the production and the use of certain kinds of technological hardware, say the automobile and the airplane, we can certainly diminish atmospheric pollution, tourist blight, and traffic congestion. It may be conceded that there is nothing clever about solving the problem in this way. It goes without saying that science and technology would much prefer opportunities for further research with the aim of discovering ways that will enable us to absorb yet more of these technological all-sorts while limiting the extent of their unwanted overspill. There remains, however, the substantive issue: Which is the better way of relieving humanity of any one of the currently unpleasant by-products of applied science?

Even if it could be ascertained in advance that science does have a contribution to make in solving some of the problems it has inadvertently brought into being, the relevant considerations in any political decision to finance the required research ought to be, first, the time during which humanity, hanging grimly onto its hardware, has to suffer before substantial relief is at hand and, secondly, the degree of risk incurred in any technological solution to specific problems—and,

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for that matter, the degree of risk incurred in providing us with new technological opportunities—of accidentally releasing on our heads a plague of *new* ecological or other "spillover" effects. In the light of the experience of the last 50 years—in view particularly of the marked tendency of technological innovation to put at the disposal of every person, sane or sick, moral or immoral, powerful means of (inadvertently) annoying or threatening the health or lives of others—the alternative of seeking an improvement in our living conditions by using less technology rather than more has to be taken seriously.

There are also some consequences of applied science that cannot be undone—the holocaust of natural beauty as well as the risks from rising levels of radioactive pollutants lodged in the air, under the earth, and beneath the seas. Science is unlikely to be able to reduce this risk in our lifetime, a risk that grows with the proliferation of nuclear power generators. And what of the irrevocable damage perpetrated in the name of scientific advance? Does technology plan to restore the lives of the 130,000 people killed each year in car accidents? The man who makes his discoveries available to an imperfect society, a society known to be suffused with ignorance, impatience, avarice, and corruption, may not disown the responsibility for the outcome. Above all, we must not overlook the fact that the existing balance of terror is a direct product of applied science. For without the advance of science, the power for destroying all life on earth many times over (and in a variety of increasingly hideous ways), a power possessed already by several countries, would just not have been possible.

Let us not, then, be too easily soothed by the assurances of those whose bright vision of the future—comprehending as it does a cornucopia crammed with research grants—remains undimmed by those follies of the past and present that could not have been perpetrated without technological progress.

On human adaptability

As for the adaptability-of-man thesis, on which the technocrats place so much store, two questions arise: Can man adapt, and should he?

Man as a distinct species has not changed for 100,000 years. Mentally and physically he is the same mammal that ran through primeval forests in search of prey. Until scientists induce mutations that will transform him into a different being, man can adapt only within limits. It is altogether possible that many features of our new, technology-

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based civilization move strongly against the grain of man's instinctual needs. Such a civilization might then be unstable, inasmuch as it imposes on ordinary people increasingly intolerable strains, giving rise to such familiar symptoms as a break-up of families, a growing incidence of sex perversions, and increasing recourse to drug-taking, destruction, freak cults, and violent forms of protest, self-assertion and defiance. Let us say simply that recent findings in medicine, in zoology, and psychology are not at variance with the hypothesis that the spread of technology is pushing men beyond the elastic limits of their adaptability.

But even if, at some cost and with the aid of some providential new drugs, man could be made to adapt, *should* he be made to adapt? To hold that man ought to adapt himself—in order "to meet the challenge of the future," as our technocrats so quaintly put it—is surely an inversion of ends and means. A moment's reflection on the theme of the good life suggests that we seek first within ourselves to discover what is good and satisfying for man, and then adapt technology to that end; *not* the other way round. The fact that problems will arise in reaching accord about the essential ingredients of the good society does not weaken the force of this dictum. For the mere idea of continually altering man's way of living in order to fit into a world shaped increasingly by the intoxicating visions of technocrats—the mere idea of society as a sort of residuum, as a by-product of perpetual technological innovation—ought surely to be repugnant to us.

Is economic growth a good-thing-in-itself? I now return to my thesis that the chief cause in the West of society's present crisis is to be found in the economic growth that our leaders are so anxious to achieve. Put less provocatively, my contribution to the debate over this topic will consist of examining, in an informal way, the effects on our well-being of the products and processes of economic growth in technically-advanced countries.[1]

To express a doubt about economic growth as a good thing may seem to some a piece of gross impertinence—it certainly would have seemed so a couple of decades ago. After all, the effect of economic growth, it is commonly asserted, is simply that of making available to men alternatives they could not hitherto afford. Provided they are always free to choose what they wish, how can anyone with a liberal conscience allege that they are not better off?

Now it so happens that the economist himself is best equipped to

[1]Though I shall not dwell on it here, the growth of population is not excluded from my terms of reference. For economic growth is one of the preconditions of the secular growth in population.

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sow the seeds of doubt and distrust about the value of economic growth. And though I speak for myself only, and make no pretense at being strictly detached from the inquiry, I shall initially be making use—proper use, I hope—of some familiar bits of economic thought. Moreover, I shall first separate the environmental problems arising from economic growth, which to some extent *can* be remedied, from the social problems of economic growth that seem to be more intractable.

We can approach the environmental problems by touching upon some elementary but by no means trivial propositions; for instance (1) that the production costs of a business concern may be greater than or (more often) less than the costs borne by the economy as a whole, or (2) that from the fact that people demand a particular good, one cannot justify its production, inasmuch as people's choices are subject to constraints that are institutionally determined. To explain why there are in the United States 100 million vehicles on the roads, we should remind ourselves (a) that they are all priced far below their social costs, (b) the physical environment created in response to the automobile can make it all but impossible to survive without one, and (c) that the public has no living experience of an alternative and viable non-automobile environment.

In this connection, the economist's concept of a "spillover effect" is crucial. If what I wear or use or produce *directly* alters the well-being of other people—and not *indirectly,* through price changes—I can be said to generate spillover effects. Clearly spillover effects abound in society and range from the trivial (Mrs. Smith's envy of Mrs. Jones's new earrings) to the tragic (the death of one's parents through a traffic accident). The current application of this concept, however, to all forms of environmental pollution introduces difficult problems of equity and allocation.

Insofar as the spillover effect in question is fairly simple, and in principle measurable, the economist would tend to favor excise taxes on the polluting products, or else a scheme of incentives to use preventive techniques (e.g., purification plants), rather than outright prohibition or direct controls. But though the economic literature of spillovers, both of the theory and the applied work, is fascinating and indeed central to those problems of universal pollution which, rightly, have begun to agitate society, I will not discuss it here—save to point out that there are instances of the widespread adoption of industrial products that generate effects so elusive and intricate, or so prolific and interconnected, that the idea of research designed to measure them all, or to deal with them adequately by any of the conventional

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methods, is chimerical. Two examples will illustrate this important thesis: the automobile and television.

The automobile

I once wrote that the invention of the automobile was one of the greatest disasters to have befallen mankind.[2] I have had time since to reflect on this statement and to revise my judgment to the effect that the automobile is *the* greatest disaster to have befallen mankind. For sheer, massive, irresistible destructive power, nothing—except perhaps the airliner—can compete with it. Almost every principle of architectural harmony has been perverted in the vain struggle to keep the mounting volume of motorized traffic moving through our cities, towns, resorts, hamlets, and, of course, through our rapidly expanding suburbs. Clamour, dust, fume, congestion, and visual distraction are the predominant features in all our built-up areas. Even where styles of architectures differ between cities—and they differ less from year to year—these traffic features impinge so blatantly and so persistently on the senses that they submerge any other impressions. Whether we are in Paris, Chicago, Tokyo, Dusseldorf, or Milan, it is the choking din and the endless movement of motorized traffic that dominate the scene.

I need not dwell on our psychological dependence on the automobile. It is the very staple of automobile advertisements to depict it as a thing with sex appeal, to depict it as a status symbol or as a virility symbol. And, over the decades, as the automobile population has grown, along with vast industrial empires that produce and cater to it, the annual sales of new cars has become a separate indicator of the 'prosperity' of the economy. We have, that is, mesmerized ourselves also into the belief that we are economically dependent upon the automobile.

Our physical or environmental dependence upon this vehicle is, however, in fact the direct result of its adoption. Our cities and suburbs have, in consequence, expanded without pause for the last quarter of a century, and have promoted a demand for massive road-building projects that encourages the flow of traffic—which, in turn, further promotes the demand for traffic projects. Because the motorist wants to see everything worthwhile from his motor car, the choicest bits of the countryside tend to be built over. The motorist wishes to "get away from it all" and the highway-builders, in the attempt to provide him

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[2] *Technology and Growth: The Price We Pay.* (1969)

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with the means to do so, succeed ultimately in ensuring that it is virtually impossible to get away at all. And believe me, people do need to get away. The one economic activity showing really impressive postwar growth is the creation of places we all want to get away from.

One could go on, for the extent of the automobile's subversive influence is unlimited. Robbery, crime, violence all today depend heavily on the fast get-away car. Motorists kill off other people at the rate of 130,000 a year (55,000 a year in the United States alone), and permanently maim over a million. Through the emission annually of millions of tons of foul gases the automobile's contribution to sickness and death from cancer and from bronchial and other disorders is just beginning to be understood. What, in contrast is already fully understood—but about which, for commercial reasons, nothing at all is being done—is the connection between air and automobile travel and the greatest holocaust of natural beauty since the beginning of history. The postwar tourist blight has ravaged the once-famed beauty of almost every resort along the coast-line of the Mediterranean, and much of the hinterland besides.

And not only has the physical environment and the economic structure of each Western country been transmogrified to accommodate this infernal machine, but inevitably also our whole style of life—the sort of food we eat, the clothes we wear, the way we court, the forms of entertainment, all bear its stamp. Indeed, our speech, our manners, our health, and our character have been moulded, cramped, distorted in order to maintain the momentum of an industry whose chief visible achievement has been to transform a society of men into a teeming swarm of motorized locusts that have already eaten the heart out of their towns and cities, and now scurry hungrily over the captive earth along bands of concrete spreading in all directions. The better life we overtly aspire to—and the ease, space, leisure, beauty, and intimacy that are conceived as essential features of such a life—can never be realized in the automobile economy.

In view of their far-reaching and inter-related influences on modern society, a proposal to evaluate the full range of the spillover effects of the automobile cannot be seriously contemplated. A large political decision is called for: Either continue to build roads and automobiles until "something gives," or in some degree to de-escalate —that is, to promote a changeover from private to public transport and to direct the resources released from automobile production and maintenance to the rehabilitation of our cities, suburbs, towns and villages.

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The case of television

Communications media, in particular television, produce effects on society that are not easy to evaluate. This is so, not only because they are pervasive and intangible, but also because, even if they lent themselves to measurement, the relevant comparison is that between those habitually exposed and those not exposed to these media—effectively, then, a comparison between present and past generations of the same age group in a hypothetically unchanged economic and cultural milieu. Such an experiment cannot in the nature of things be undertaken, and we are therefore thrown back on informed conjecture—in this instance about three sorts of effects: those on language, on personality, and on the family.

1. Because mass media dispose daily of torrents of words and images, the image-creating resources of a Shakespeare could not hope to meet their insatiable demands. The repeated attempts to compel attention on matters large and small issue in near frenzy. Words are misused, abused, over-used, broken up, incongruously combined. And the sheer volume and interminable repetition is itself destructive of the beauty of language. Words of delicate sentiment begin to lose their fragrance. Phrases once rare or solemn, poignant or poetic, to be uncovered only on particular occasions, get dragged about in the dust of sales campaigns, rolled in with crude imperatives, until they became stale, misshapen, and shorn of the joys of evocation. Even obscene utterances, once reserved for special circumstances, have become so common that they have lost their power to shock or amuse us. Along with the general degradation of language goes the degradation of our response to it.

Moreover, mass media being themselves large-scale manufacturers of popular jargon, verbal fashions sweep the country. Half-consciously, people grope their way toward some voguish cliché, at once to avoid the effort of thought and to produce evidence of being *au courant*. But for every piece of jargon adopted, for every "in" word, a score of fine distinctions are discarded. The rich resources of language fall into desuetude. The aim, once associated with a classical education, that of giving precision to one's thoughts, of imparting dignity and beauty to the flow of one's discourse, is perhaps obsolete for a high-pressure technological civilization—in which, apparently, time becomes scarcer in proportion as labor-saving devices become abundant.

It is hard to believe that a consequent frustration of this nature—the growing inability (and the awareness of that inability) to express

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oneself fluently and persuasively—has no significant effects on people's character and behavior. Is there no connection between this media-induced frustration and the modern accent on the "image," on the action rather than the word, on "doing one's thing" rather than on expressing one's thoughts?

2. Television is commonly spoken of as an "educative force of immense potential." Without troubling ourselves to evaluate this rhetoric, we may accept the fact that today panels of eminent personages and a diversity of specialists use the medium to address themselves to aspects of politics, science, economics, crime, sex, history, literature, housing, health, art, music, ethics, bringing up the children, and the education of parents. Neither need we enumerate the alleged advantages of these programs—how they enable people to perceive all sides of an issue and to acquire tolerance, if not scepticism. We need touch only on one consequence. The sort of tolerance a man acquires from being witness to continual re-examinations of fundamental questions about religion, politics, psychology, manners and morals, is the product of uncertainty rather than of enlightenment. The distinctions between good and bad, truth and falsehood, vice and virtue, sickness and health, are blurred and reblurred by an unending succession of specialists, victims themselves of the current erosion of the moral, aesthetic, and intellectual consensus on which a civilization is raised. Inevitably, then, the confidence of both educated and ordinary people in their own judgment and sense of right begins to ebb. The tolerance that emerges is the result largely of moral paralysis.

3. Finally, and contrary to superficial opinion, television regarded as an institution must be accounted a potent factor contributing to increased isolation. Allow the programs to be ever so "enlightened," the charge still remains. For it acts to displace our dependence on other people for amusement and affection and to transfer this dependence to the meretricious flicker of the television screen. It saps the authority of parents, and interposes itself between members of the family—maintaining the peace only by disrupting the flow of feeling between them.

It is to be noticed, in particular, that the claims made for this as for other technological innovations relate primarily to efficiency—television seen as a universal purveyor of entertainment and instruction. The associated social losses are in terms of less tangible but more fundamental things, in terms, that is, of a total response to life. They include a stunting of our emotional life, a thinness in our human

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relationships. I confess that I cannot see sociologists, psychologists, or economists, agreeing on methods of computing these sorts of gains and losses, or coming up with an ideal tax to reduce their ownership or use. Though a political decision is conceivable, I cannot believe that, within the ethos of the existing consumer society, prudent regard to any later consequences of unchecked indulgence in technological knick-knacks would carry much political weight.

With respect to spillover effects in general, therefore, we may conclude that the economist's concept does surely have heuristic value; it does contribute to organized thinking about complex social problems; and it does act as a check to the mood of indiscriminate abuse against "the system." Moreover, under restricted conditions, the skilled economist can integrate the concept into practical programs for making worthwhile improvements. There remain, however, a number of flagrant instances in which the resulting spillover effects are too pervasive, intangible, or complex, for the economic calculus to cope with them effectively. Remedial action, if any, in such cases must depend ultimately upon political initiative.

Growthmanship

Before turning to social problems, however, we do well to appraise the validity of the popular contention that economic growth, whatever its defects, is yet necessary if we are to have sufficient resources available to solve these urgent environmental problems.

The appeal to necessity can, and indeed does, take many forms. A government spokesman can assert (fallaciously, I may add) that only a higher rate of growth will enable the country to improve its balance of payments or check its current inflation. He may also assert, and this sounds more commendable, that it will enable us to help the poor and underprivileged at home and abroad. Mention the slums; mention the shortage of hospitals and staff; mention the schools; mention the plight of the orphans and the aged, and the pat answer is "more economic growth." Talk about the congestion in the cities, the spread of suburbia, the growth in diseases of heart and lungs; talk about the pollution of air and water, the ecological breakdown—and what does the growthman reply? Why, more economic growth of course! By way of illustration let me quote a passage from Anthony Crosland's recent Fabian tract. (Other excerpts are printed in Current Reading.)

> Even if we stopped all further growth tomorrow we should need to spend huge additional sums on coping with pollution: it will, for example, cost hundreds of millions of pounds to clean our rivers of their

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present pollution. We have no chance of finding these huge sums from a near static GNP any more than we could find the extra sums we want for health or education or any of our other goods. Only rapid growth will give us any possibility.

There is something almost exhilarating about the uninhibited opportunism of our growthmen. If, dimly and belatedly, they have begun to perceive an environmental problem, they make use of it on the spot to update the relevance of the historic dogma of growth. All facts become grist to the growth mill. For, wherever economic growth appears to have improved living conditions, we surely have evidence of the benefits of economic growth. *Per contra,* wherever it appears to have made living conditions pretty hideous, why again there is a clear case for economic growth in order to remove the hideous features!

Quite apart from the two-headed-penny character of growthmen's arguments, the call today for faster economic growth in order to tackle our environmental ills is fallacious for at least five reasons.

1. Over the last twenty years the prevalent type of industrial growth, in particular the growth of chemical products, plastics, automobiles, and air travel, generates incomparably more pollution than is eliminated by private and public expenditures. What is more, economists anticipate much the same sort of industrial growth over the next ten years or so.

2. As a slight acquaintance with economic concepts makes clear, a successful prevention and reduction of any specific form of pollution uses up less in the value of resources than it confers in benefits. "Real" GNP, that is, becomes larger, not smaller. Any contrary impression is the consequence of too literal an interpretation of official statistics that, at present, attaches positive values only to man-made goods and ignores altogether the losses arising from the man-made 'bads.' I might add, in this connection, that certain "radical" writers who, in the name of social justice, attack the growing concern with environmental quality as purely a middle-class value—a gratuitous insult to the working man—in the belief that it retards economic growth, are guilty of a compound confusion. Not only do appropriate anti-pollution measures add on balance to "real" income (under conventional economic criteria); not only does investment in more attractive and more variegated environments provide the vital choices that can make an invaluable contribution to social welfare; but the *distributional* effects of such environmental improvements are decidedly progressive. For it is the rich alone, at present, who are able

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to opt out of any environment that is sinking in the scale of amenity: not the working man, and certainly not the poor, who have no choice at all.

3. If in recognition of the social dividend to be gained from pollution-reducing expenditures, a government were indeed to commit itself to use a large proportion of the annual *increment* of GNP to combat existing forms of pollution, the argument for pressing on with economic growth might take on a semblance of plausibility. But the bulk of the annual increment of GNP is at present spent on the usual technological hardware and software. In the United States, for instance, the annual growth in GNP ranges between $26 billion to $50 billion.[3] Of this massive increment, what proportion is directed by the government into *additional* expenditure on anti-pollution activities? No one has yet come up with a reliable figure. But I should be surprised if at present it exceeds one-tenth of one per cent of the annual increment. It is, therefore, up to those who persistently invoke this argument to state the proportion of the increment of GNP that will be directed to attack pollution problems. Until then, the public will continue to suspect that future expenditures on "cleaning up the environment" will continue to fall far short of the damage caused by growing GNP.

4. The "need" for more GNP in order to do good in this and other ways is pure fantasy. True, economists have not yet been so bold as to produce from the available statistics that proportion of GNP which in reality only goes to making life more costly, or to estimate those proportions of GNP that could reasonably be classified under such broad categories as "expendables," "luxuries," "regrettables" "near-garbage" and "positively inimical," but the trend toward larger proportions of such items is unmistakable. Granted that the average American was materially comfortable about 1950 (producing then more per capita than is produced in Britain today), we should hardly feel unjustified in imputing a goodly proportion of this per capita increment of 'real' income over the two decades to expenditures on these unprepossessing categories, with much of the remainder being spent in ways that only make life more costly, frantic, and wearing. Consider for instance, the postwar expenditures on the fantastic build-up of urban and suburban areas all over America along with the accompanying fume and din, the longer hours commuting, the increase in tensions, frustration, and conflict and the consequent ad-

[3]The federal revenues alone are growing at an annual rate of between $15 billion to $20 billion.

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ditional expenditures on tranquilizers, drugs and medicines, on police, prisons and sanatoria, and on research into the growth of violence, delinquency, and nervous diseases.

To talk then of the *need* for more resources before pollution problems can be effectively tackled is manifest nonsense. It is true only in the trivial sense which accepts as unalterable data all existing institutions, mechanisms, and political programs—among other things accepting as a datum the annual expenditure in the United States of a score of billion dollars on the task of endlessly persuading consumers to buy more of a virtually unlimited assortment of goods that presses hard against the consumers' capacity to absorb them, an assortment ranging from plastic gew gaws to private planes, from liquor to extra automobiles, from electric boot brushes to pornographic literature and entertainment.

5. Perhaps most relevant of all, very little increase in public expenditure is called for. What is called for is effective legislation that puts the burden of curbing further pollution squarely on the shoulders of the polluters. The outcome of such legislation would be a re-allocation of resources away from pollutant-creating goods and toward investment in research for pollutant-preventive techniques.[4]

But if economic growth is not necessary, it may yet be desirable.

Growth and well-being

We shall now face the crucial question: What grounds are there for disbelieving that economic growth—once we are well above subsistence levels—can add to our well-being? Although this appears to be a broad quasi-philosophical question, some specific reasons can be mustered first for doubting it, and second for believing that on

[4]The slogan that "he who pollutes should pay the cost of his pollution" is not the same thing as effective anti-pollutive legislation, and can indeed act to encourage delaying tactics. It can, for example, be asked what the costs really are, on whom does the damage fall, and which firms or people can be held to be responsible for what part and with what degree of probability. A case is then made for more research into this complex question and we are back in square one. The proposal above can, in principle, be made specific. It sets a time limit, say three years, after which a specified range of pollutants will be prohibited *entirely* (above some specified degree) unless the enterprise has a permit, renewed annually, entitling it to some greater degree of pollution. One condition under which such a permit might be given would be the existence of unanimous consent of all affected parties (for example in the case of noise). Another condition might be that the enterprise is employing an approved preventive technology and/or that it reduces its output to a level determined by reference to standard economic criteria. Any infringement of the law would bring on action by the public prosecutor.

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balance continued economic growth in the West will act to *reduce* well-being. Let us look at these doubts from an economic perspective and consider three propositions.

1. *The oft-quoted "widening horizon of choices" refers only to the range of manufactured products and services.* Ignoring wholly the man-made "bads"—ignoring that is, our inability to escape unscathed from the pervasive and damaging by-products of the manufacture and use of many so-called "goods"—which we have touched on, the horizon of choices has nothing along its expanse corresponding to *the conditions of work.* Not every change in these conditions of work has been for the worse; one can easily think of periods of history over which improvements, say, in factory conditions were enjoyed by many groups in the working force. But there is precious little social choice operating at this end of the market. The pattern of production alters continuously in order to meet the changing pattern of the public in its capacity of consumers. In addition, the specific methods by which goods are produced are not chosen by the workers but simply follow the pattern of technological advance.

Thus, from one period to the next, workers at all levels may find their work more rewarding or else more boring and frustrating. But such responses in an "efficiency-oriented" economy have virtually no influence on the resulting pattern of production or on the techniques employed. All we can say in general is that the idea of work as a source of legitimate pride, as a source of gratification, forms no part of the ethos of an industrial civilization and has no influence whatsoever on the direction it takes. Yet who can deny that, like our environment, the sort of work that men do and their attitude toward their work are among the chief components of human welfare?

2. *The consumer who is observed to reject the customary batch of goods still available to him in favor of a new batch can be regarded as better off* only *if his tastes remain unchanged.* There is no necessary connection between new tastes for new products and being better off. To establish this connection, we have to assume that new tastes are inherently superior to old ones.

When economists address themselves to broad policy questions, they tend to overlook this critical provision—enumerated in every good economics textbook—or to make the convenient assumption that tastes do not change very much. For really poor countries, we might let that go. But for really rich ones, the assumption of given tastes is untenable. To conclude as much, we need not belabor the

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distinction between "natural" and "artificial" tastes, or that between "spontaneous" and "induced" changes in demand. We know that the difference between the sorts of goods our forebears made use of and those we make use of is not simply a quantitative one, nor even a qualitative one in a narrow sense. From the mere fact that we can indeed buy a horse today, but instead we choose to buy a car, we cannot infer that we are today better off. A hundred years of product innovation has changed the world we live in out of all recognition, and has thereby changed the social context in which choices are made. A real choice would be that of alternative *social contexts*—between, for example, a more leisurely pre-industrial world of small towns, wood fires, mansions and cottages, a close-knit society of privileges and obligations, and, on the other hand, a highly competitive post-industrial world of congested highways, unquiet skies, metropolitan overspill, and the daily scramble for status. But in the nature of things such choices cannot be offered to us.

No less pertinent is it that the tastes we acquire are themselves the products of a changing social context and of the institutions it gives rise to. We all recognize that, in the mixed economies of the West, substantial resources are employed, not in order to satisfy the current pattern of wants, but in order to change them. Resources, that is, are used not to satisfy wants (as the earlier textbooks would have it) but expressly to create dissatisfaction with what we have. Again, there is no need to enter the debate on the efficacy of commercial advertising in moulding people's tastes. Speaking only of the broad social repercussions of commercial advertising, one can hardly deny that it does appear to have succeeded wonderfully in one of its aims—that of making people discontent with what they already own. Indeed it is hard to imagine anything that would throw the American economy into greater disarray than a religious conversion that made most Americans perfectly contented with their material lot.

3. *Once subsistence levels are behind us, the satisfaction we derive from a good depends, not only on the amount of it we ourselves buy, but also on our observation of or our beliefs about what others buy* —this being no more than a formal statement of the notion conveyed by the phrase "keeping up with the Jones'," or of what economists sometimes call "consumer independence." The potency of this "Jones effect" in reducing the satisfaction to be had from a steady rise in per capita "real" income, or in productive power, should not be underestimated. It is doubtless very grand owning two cars when most people around you have not even one. A lot of this satisfaction,

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however, evaporates when almost everybody in the neighborhood also has two cars or more. Indeed, a distinguished economist by the name of James Duesenberry took the argument to its logical conclusion in 1950 and formulated a "relative income hypothesis" which states simply that what matters to a person in a high consumption economy is not so much his "real" income as his position in the overall structure of incomes. In its strongest form, this hypothesis would imply that, given the choice, the affluent citizen would choose say a 5 per cent increase in his income alone to the alternative of participating in a 25 per cent all-round increase of incomes. The evidence in favor of the hypothesis in its strongest form, though plausible, is not conclusive. But in a modified form it is hardly to be controverted. The more truth there is in it, however, the more futile as a means of raising welfare is the official policy of promoting economic growth.

Along with the "Jones effect" operating to dissipate the pleasures of rising real purchasing power within a country, there are other factors that cannot be presumed to be beneficial. Without distinguishing them at this juncture we may provisionally assess their potency by reference to common impressions. For instance per capita "real" income in the United States in 1946 was about half that in 1970. If such an index has any welfare content there should be no doubt whatever that, on balance, life in America today is more enjoyable. But there is plenty of doubt about this among Americans themselves. For that matter, to take a more extreme instance, the average per capita real consumption in America today is about five times as high as it was in the Britain of 1950. But, despite the rationing, my recollection is that life was far more comfortable and pleasant in the Britain of 1950 than it is in the America of today—especially in the large cities.

Growth and the positively inimical

Having, with the aid of some familiar economic ideas, given reasons merely for doubting the existence of a positive relation between economic growth and social welfare, at least in wealthy economies, I turn now to the second part of my task: to distinguish some of the features inhering in technological development that appear positively inimical to society's welfare. Systematic study at this level of inquiry is virtually non-existent. Perforce I move into this area of conjecture with less assurance, though with no less conviction.

I confine myself here to three consequences of scientific and technical progress on the shape of society.

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Consider first the impact on religion and morality, on custom and tradition, of the progress of science and technology. If men ever *want* to believe in a personal God; if there is in men an instinct for worship; if ever they would be God's creatures, they must henceforth be denied. For the myths by which men live cannot survive the relentless scrutiny of science. There is no mystery, no source of exaltation, no beatific vision, through which men may hope to communicate with God that science cannot turn to ashes. There is nothing preternatural or remarkable that it cannot explain in terms of atmospheric effects and chemical processes.[5]

Humanists have declared for a morality founded on an enlightened consensus rather than on Biblical injunction. Their aspirations stem from the belief in the perfectibility of men. But there is no evidence that the human race is drawing closer to moral perfection or that a new enlightened consensus is emerging to fill the present vacuum. As traditional moral codes crumble before the tide of scientific advance, what is there left in a commercial society to moderate the scramble for material status or to curb the frenzy of self-seeking—attitudes that are at once the outcome and the pre-condition of sustained economic growth in the West?

Indeed, not only is morality involved, but every norm that guides society in its choices. For the Western growth-economy requires a consuming public whose tastes are severed from traditional notions of excellence, a public whose acquisitive impulses are unrestrained by any standards of propriety. Once disjoined from tradition, tastes become the slave of fashion, and fashion the creature of profits. And if such an "ideal" consuming public—uprooted, free-floating, volatile, infinitely mouldable—is conveniently coming into being at a time when the greatest threat to the growth economy is the flagging momentum of consumers' expenditures, thanks are due not only to the hard-working ad men but also to the technocrats who trumpet forth the exciting idea that perpetual and accelerating change is the essence of the civilization we are about to enter; a civilization, that is, in which social norms are to have no time to form and in which there-

[5]There is little solace to be had from observation that after centuries of mutual antagonism, religious denominations are drawing together. For this is happening at a time when religion plays no vital part in the organization of society. In a vain attempt to appear relevant to the needs of society, the churches are directing their appeal less to the spiritual life of the community and more towards its social and psychological needs. In adapting themselves to modern life in a bid for physical survival, they are divesting themselves of spiritual authority. They are transforming themselves into lay institutions offering society material aid, guidance, and practical advice. They have little choice in the matter. How many Protestant churchmen today believe in God?

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fore conceptions of good and evil, of right and wrong, can only be functional and ephemeral.

There is, of course, a disarming frankness about this vision. For we are not being misled for a moment into the belief that, *given the choice*, men would really opt for this somewhat convulsive form of living as being by far the most gratifying to man's instinctual nature as it has evolved over hundreds of thousands of years. We are simply instructed that to think of such a choice is to think the unthinkable.

Of machines and men

Turn next to the perennial question of machines displacing men. I am not one of those who believe that the original Luddities were wholly wrong. Whatever our judgments are on this episode of history, however, the unfolding of events imparts a new twist to the argument. We know that scientists and technologists busy themselves today producing improved translating machines, machines that can play chess or that can learn to play chess or any other game, machines that can write poetry or compose music, machines that can make complex decisions, evolve hypotheses, and produce mathematical proofs. Of course, we should all be very proud! Is not man truly wonderful! But the exclamations of pride do not dispose of the resulting problem. For ignoring the possibility of genetical innovations that will produce for us a race of superbrains, how will the ordinary man and woman respond, knowing that in one accomplishment after another they can be outdone by contraptions of wire and batteries. For almost everything a man can do, there will be a machine that can do it as well or better, and infinitely faster. Such an aim at least provides one of the great steering lights of technological innovation—an aim, apparently, that technology has little difficulty in realizing.

Adapting his mode of living to the technology of industry and to the flow of gadgets on the market, the man in the street, into every year that passes, sees himself more and more a bewildered spectator to what goes on about him. True, his leisure may increase over time and there may be goodies a-plenty in the supermarkets—a robot and a computer in every home, information unlimited, three-dimensional television, round-the-clock synthetic entertainment, trips to the moon and to the bottom of the ocean. But what of his self-respect? For scientists, technocrats, and professional men there will still be opportunities for distinguishing themselves, though the pace of obsolescence of knowledge is sure to place them, too, under in-

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creasing stress. The plight of the ordinary mortal, however, is seemingly inescapable. If his muscular and mental exertions, if his manual skills, come to have no value in a world of increasingly sophisticated computers and elaborate control mechanisms, how can he not feel himself to be expendable? How can he hold his head up when it is plain beyond doubt that as a producer he does not rate; that nobody depends on him for anything; that he is but a drone in a world become a buzzing hive of technology?

Of technology and the good life

We now come to the third consequence of scientific and technological progress on the texture of society.

There can be many reasons why a new product commends itself to the buying public. It may promise a novel experience (as does a private plane or a bugging device) or a new form of home entertainment (as does television) or increased leisure (as does a washing machine or an electric knife-sharpener). Once it becomes universally adopted, however, social consequences emerge which cannot be undone by any single person acting on his own. One fairly obvious outcome is worthy only of ironic comment. No people more than the Americans are addicted to labor-saving devices, and no people are more concerned with their weight and general physical condition. Theirs is an irresistible compulsion to buy anything that saves muscular effort. At the same time, no other country is so lavishly endowed with gymnasia and weight-reducing sanatoria. No country sells so much home exercising equipment and slimming contraptions.

Far more serious however, is the consequence of technological innovation on the relationships between people. If we accept the view that (above subsistence standards at least) the chief sources of men's satisfactions reside, not in the goods they buy, but in such enduring things as love, friendship, tranquility, and the perception of beauty, the question arises: Do the innovations produced by the technology of a growing economy act to promote or to thwart these prime sources of satisfaction? I do not think there can be two answers.

Increased mobility is not a force making for increased friendship, least of all when one is for the most part incapsulated in one's automobile. A person can extend the number of his acquaintances indefinitely without really caring for any of them. A week in a mountain hotel, a package tour in the Mediterranean, may have its moments of elation—though the borderline between elation and anxiety

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is sometimes difficult to define. But there is time enough only to throw postures, to go through the conventional motions of revelry, and hope that something or somebody will turn up. The flurry of emotions, the stylized infatuations, that such opportunities offer to the young, and the would-be young, do not have any affinity with that serenity of spirit with which I am concerned. As the late Somerset Maugham observed, "We never know when we are happy; we only know when we *were* happy." And part of the reason is simply that (*pace* the American Declaration of Independence) the pursuit of happiness is a fruitless enterprise. For the state of happiness is one that cannot be directly realized, least of all by trying. It appears, to quote the late Aldous Huxley, "only as a by-product of good living." And good living, in this context, means neither fleshpots nor sanctity, but something akin to Plato's ideal of harmonious living. It presupposes a dependable institutional and moral framework held together by common beliefs; one that establishes an external order that does no violence to man's internal order; one which permits his instincts to range without hurt to himself or others. In particular, a society congenial to man is one that strengthens his roots in the earth and makes him a part again of that eternal rhythm of nature in which there is time enough for things to grow slowly; in which there is time enough for trust between people to form; in which there is time to learn to care, and time to wonder and to perceive beauty.

If there is any truth in these reflections, it should be apparent that further economic growth predicated on accelerating technical change can only take us farther from the good life. Can one reasonably hope for an easy, open-hearted relationship with one's fellows in a highly competitive and mobile society, where work has become an endless struggle for material rewards and status? The indispensable ingredient of such a relationship is mutual trust, a quality that was nurtured in the pre-industrial small-scale society held together by overt mutual dependence. The resulting intimacy arising from this close personal interdependence, is the first casualty of technological growth. For in the unending search for greater efficiency, technology seeks expressly to emancipate men from direct forms of dependence on one another. Machines come to mediate between them, and they come to depend ultimately for their wants, not on the care of others, but on a row of buttons and switches.

Unavoidably, then, technological progress provides men increasingly with the elegant instruments of their mutual estrangement, and thus constricts further the direct flow of understanding and sympathy between them.

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What is to be done?

It is time to stand back and take our bearing in order to determine what, if anything, can be done.

If I may caricature economic ideologies, though not excessively, the 19th century was one that eulogized thrift. The good citizen was something of a miser. The second half of the 20th century has reversed those economic ideals. The good citizen is now something of a glutton. For the declared objectives of increasing material prosperity and expanding industrial output can be maintained only by the vigilant cultivation of virtually insatiable appetites. The distributional injustices associated with the system in no way detracts from this conclusion. Whatever the distribution of the national product—be it perfectly egalitarian—the continued growth of the economy would still require insatiable appetites of its citizens.

To be blunt, economic growth in the West is in fact institutionalized greed. We go on as we do from acquired habit, and from institutional momentum—and because we really don't know how to stop. We fear to jettison our growth ideology, along with our hope of salvation by science, because we can see nothing to replace it; because there is no road back. So we drift on making a virtue of necessity, calling out for more speed, and soothing our apprehensions with technological fantasies, and our consciences with repeated promises to do good works as we become richer.

Where then can we turn for guidance? To the desperate expedient of perpetual guerrilla warfare directed against "the Establishment?" Though I have the greatest sympathy with those actively disliking many of the features of this emerging civilization, I cannot agree that it is *repressive* in any familiar libertarian sense. I can agree, however, that we experience today far greater *frustration* than we did. This is so, not only because (as I have indicated above) the demands of a highly technical civilization and the intuitive needs of ordinary men are beginning to pull in opposite directions, but also for simple political reasons. With the unprecedented growth in technology and population over the past 200 years, political power has continuously gravitated toward the center. Yet it is just because of the extending power and compass of modern technology that centrally-determined policies have such far-reaching repercussions on every aspect of a man's private and working life. The tentacles of government reach into every nook and cranny. Unfortunately, as the political constraints on our freedom of action grow, so also do our personal desires to influence events at home and abroad. For it is today the

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devoted task of an army of ambitious newsmen and commentators to impress us with a sense of urgency and involvement in events both far and near. But even when account is taken of the political effectiveness of organized lobbies, the influence the ordinary citizen can hope to exert on national issues is all but negligible. The vast populations, and the diversity of interests and beliefs in the large countries of the affluent West, go far to ensure that much of the resulting legislation will be a compromise that pleases few and irritates many.

The sense of helplessness is perhaps particularly keen among the young and impetuous. Yet attempts by extreme groups to sabotage "the system" by direct acts of violence are as ill-conceived as they are immoral. If such violence does spread as to pose a threat to society, the response will of necessity be repressive. For security comes before liberty. Indeed, it is the precondition of liberty. And if perchance the violence cannot be contained, the resulting anarchy will pave the way not for a Utopia but for a despotism, a despotism which, by wielding the immense power of modern technology, can be made all the more onerous and totalitarian.

Turning to more traditional sources, has the political philosophy of someone like Edmund Burke anything to offer us? I think not. His reflections are apt enough for a society in which technology has limited impact. Under conditions of *slow* technological change one can indeed argue a presumption in favor of existing political and social institutions and defend a reluctance to introduce any radical alteration without much forethought and debate. But in a society shorn of its myths, bereft of any guiding ethic, a society that is in the throes of a technological upheaval, the experience of the past has little to contribute.

For much the same reason the works of Karl Marx cannot provide us with clues. However his interpretation of history is appraised, as a guide to the future it must be discounted. For in the last resort it is not the capitalist class that is the villain we have to fear. The villain is technology itself irrespective of the economic system. Moreover, the historical determinism of Marx—the belief that choice is but an illusion, that it is futile to attempt to control or even deflect the preordained movement of history—serves to promote either a resigned or a dogmatic spirit, a spirit comparable to that which sustains the momentum of economic growth. If ever we hope to create a society more congruous with man's nature, the mediating spirit must be the reverse of dogmatic or resigned. It must be pragmatic, reflective, and deeply concerned.

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Eros and the young

Finally, what of the young? Among those of them who have not yet been sucked into the vortex of the new industrial society, a significant number during the last decade have begun to reject the relevance of the Protestant ethic, as popularly understood. Rejected also by many of the young, in particular the middle-class young, are the alleged economic virtues of the "consumer society" as well as a variety of features associated with what is loosely called "the system." Many other young people, though perhaps less articulate, are nonetheless sensitive to the physical ugliness about them and have ambivalent feelings about the approach of an automated society.

But while these youngsters have let it be known, with varying degrees of politeness, that they do not like "the system," will their ebullience or impulse deliver us from bondage and transport us to the promised land?

The more innocent among them—and these tend to be the more vociferous—are impatient of the facts and of the evidence of their own senses. Being impatient they are prone to take a Jekyll-and-Hyde view of the problem, a view that is common both to evangelical and revolutionary movements. They want to slay the wicked Mr. Hyde—the "system" and its minions, the conspiring capitalists, the vainglorious technocrats, and the corrupt politicians or government officials—and let good Dr. Jekyll live forever in pure love and sunshine. But for better or worse, Jekyll and Hyde are indissolubly wed into the single being, man; and it is for just such mortals that society, the good society we aspire to, has to be fashioned.

It follows that if inhibitions are needed to keep Mr. Hyde in check in order that good Dr. Jekyll can breathe more freely, such inhibitions must be firmly rooted in the unquestioned tabus of society. The search for unchecked release of all instincts, a part of the dream world of the dissatisfied young, and the not-too-young, throughout the ages, leads not to "some white tremendous daybreak," but only to disenchantment and despair.

From infantile visions of being borne forever on the crest of an orgasmic wave no values can be salvaged. Today's unheroic protest movements, hippies, yippies, and others "sore given to revel and ungodly glee" (to quote from Byron) offer no viable alternative to the present dispensation. Their social significance derives only from their being one of the symptoms of the crisis of the West. Hippy colonies, for instance, are not new self-sustaining growths, but parasitic ones—barnacles clinging to the underside of the affluent society.

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There is little hope for us in the current trend to what is euphemistically called "permissiveness." Where some affect to perceive increased tolerance, I see little more than a disintegration of sensibility, a failure to distinguish between propriety and impropriety, between decency and indecency, between moral and immoral—one of the unhappier consequences of half a century of unprecedented technological change in the West. Not surprisingly in a commercial society, the sexual aspects of this "permissiveness" have become the most prominent. Year after weary year we are being persistently emancipated from those outrageously repressed Victorians—a figment, if there ever was one—and being persistently urged to escape our sorrows by gorging our eyes on erotic images and lascivious display. The transparent result of these gratuitous acts of liberation is to expose the protesting citizen to increasing dosages of sordid sexual pollution. The blazonry of highly salacious entertainment by cinemas and theatres, the city centres in which rows of shops are given over to the sale of pornographic literature or gadgetry, are sights not likely to promote patriotism, civic pride, or an admiration for the character of one's countrymen. To urge that they "meet a need" is, indeed, a pathetic confession, a virtual condemnation of society.

But one can say more. The "libertarians" or "progressives" who come flocking gaily under the banner of Eros are, unwittingly perhaps, espousing a shoddy cause, a creation of neurotic artists, promoted by ruthless commercialism, and patronized by a shuffling army of Peeping Toms whose quite unnecessary journeys take them further into the jaws of fantasy and further away from the fulfilment that comes only from affectionate communication with others. The search for liberation through pathological excesses, like deranged notions of breaking through some imaginary "sex barrier" or of maximizing potential sensation—notice the resort to the language of technical achievement—are indicative only of frustration and failure, aggravated on the one hand, by the physically debilitating effects of modern urban living and, on the other, by the inordinate expectations sown by predatory sex literature and entertainment. But it is the nature of such fantasies that they can never be consummated, and their deliberate encouragement by such enterprises serves only to increase the risk of exposing the new *aficionados* to unendurable frustrations and despair.

More comment on such doctrines, movements, and fashions, which have no real bearing on the problems that face humanity in the latter part of the 20th century isn't necessary. What *will* have bearing?

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What, if anything, can one offer in the way of practical advice? I can only reply to this legitimate question by saying that there is preliminary work to be done before we can offer (or accept) such practical advice. Above all, if we are to find a way out of the crisis we must first wrench ourselves free from the dominating ideology of growth. We must instead start thinking about the future in an utterly uncompromising and agnostic way. And, whatever conclusions we are led to, they will have to be predicated on three propositions, each one a judgment of fact.

First, that the earth, seen today as a tiny planet warmed by a dwarf star whirling along in a cold, dark and inhospitable universe, is man's only refuge. In consequence, the notion of a unique and finite globe having limited resources of earth, air and water to sustain the complex ecology of life has to supplant in men's consciousness the older idea of an endless frontier of opportunities for systematic plunder.

Secondly, whatever civilization we choose to adopt, its continuance is not compatible with anything like the current rate of destruction of natural resources by the West or with the current rate of growth of human population.

Thirdly, and as a corollary of the first two propositions, we must persuade ourselves anew that, despite the expanding forces of technology and commerce, the future is *not* pre-empted. Though we all know this to be literally true, and though we are ready enough to accept the belief in free will—at least we act in our day-to-day affairs as if we can choose between alternative courses of action open to us—the temptation when visualizing the future to extrapolate trends is strong in any society that habitually thinks of its history in terms of technological progress. Futuristic studies appear for the most part an exercise in extrapolating scientific and technological trends and then in speculating upon their social consequences. Given, say, specific scientific discoveries between the years 1980 and 2000, or the adoption of specific sorts of technology, the question they ask is: What impact will this make on our way of living? In direct contrast, the new way of thinking predicates itself on free will to the extent of reversing this logical sequence. We are to ask, that is, first what sort of a society do we *wish* to establish, after which the consequences for science and technology are to be determined.

The proposition about free will and its social implications is then no platitude. For such a way of thinking about the future runs counter to that which the West has wholeheartedly espoused since

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the 18th century. Inasmuch as vast material and intellectual interests in science, technology and modern industry, are deeply entrenched it will be something of a miracle if this new agnosticism comes to prevail in the counsels of men.

Whatever the prospects, it is difficult to envisage any decent way of life without a wholesale reversal of the powerful trends—technological, philosophical, economic—that began in the 18th century. The phenomenal expansion of human population, the secular trend toward centralization, the hectic pace of obsolescence, the spread of automobilization and air travel, the growth in mass media, the increasing mobility and uniformity; all such forces will have to go into reverse if such commonly voiced aspirations as variety, order, intimacy, conservation, care, margin, space, ease and openness, are ever to be realized.

The race that is critical to humanity's future is *not* the conventional growth race, not the pitting of the growth indices of one rich country against those of other rich countries until doomsday. Rather it is the race within each Western nation, or within the West as a whole, between, on the one hand, the existing momentum toward yet faster destruction of the earth's depleting resources and on the other, the slow-gathering forces of sanity and understanding.

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Community control vs school integration —the case of Detroit

WILLIAM R. GRANT

NEW YORK and Detroit are the only big cities in America that have decentralized their public school systems in order to establish community control. Many people can still recall the bitter conflict over decentralization that raged in New York during the autumn and winter of 1968, involving an extended teachers' strike, intense racial and ethnic hostility, and a bewildering tangle of educational, political, and legal issues. The experience of Detroit—with the nation's fourth largest public school system of 290,000 students—in 1969 and 1970 is less widely known but perhaps even more important. For here the central issue was framed—and resolved—with a directness and clarity unusual in American politics. The issue was simply whether, as a practical matter, community control is compatible with racial integration. And the unequivocal answer in Detroit was no.

Decentralization proposed

The story of school integration and community control in Detroit is symbolized by the rise, success, and sudden demise of the political career of A. L. Zwerdling, the president of the city's board of education until 1970. After graduation from law school in 1939, Zwerdling, the son of a poor Central European immigrant who became a wealthy furrier, went to work as an assistant to Walter Reuther and

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soon rose to associate general counsel of the UAW. In 1946 he set up a flourishing private labor law practice, and although many unions wanted his services he found time to be active in the Americans for Democratic Action and in the Stevenson for President campaigns.

In 1964, Reuther persuaded Zwerdling to run for a seat on the Detroit Board of Education. The civil rights movement was then at its zenith, and three school board members were not running for reelection. Convinced that this was the time to put a liberal majority on the board, Detroit's liberal groups formed a coalition, recruited candidates, organized a campaign—and won. In the years that followed, the board changed school boundaries to promote integration, hired black teachers and administrators, and demanded from publishers textbooks giving a fairer portrayal of the races. Every decision, every appointment, every statement reflected the board's overriding commitment to the goal of racial integration.

In the summer of 1969, however, the civil rights movement was in disarray and the ideas of community control and black power were on the rise. The Michigan legislature then passed a law requiring the decentralization of the Detroit public school system. On the face of it, this action did not seem particularly momentous. The school board was already on record in favor of decentralization, or "increased community involvement," as most members preferred to call it, in the belief that decentralization would help to persuade blacks that the system was fair.

But the liberal board majority still viewed integration as their primary goal, and they were determined that any decentralization would be of a sort that would promote that overriding aim. Zwerdling was also aware, as he told a meeting of school administrators in Washington, D.C. in 1969, that "no one who has come to our public meetings on decentralization is interested in integration. Everyone wants segregation so they will be assured a little piece of control." It was his fear, he said, that "you cannot have both integration and community control." And if it came to a choice between the two, there was no question about how he would vote. "I did not become the president of the Detroit Board of Education to preside over the liquidation of an integrated school system," he told the League of Women Voters after he returned from Washington. "Everyone in the City of Detroit could sign a petition asking me to vote for segregation," he told a public board meeting later, "and that still would not change my vote." Under Zwerdling's leadership and with a $360,000 planning grant from the Ford Foundation, the board opted for

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a decentralization plan that mapped out racially integrated local school districts.

Within nine months, Zwerdling and the rest of the liberal board majority had been recalled from office after a vitriolic campaign with racist overtones, and Detroit voters had elected a new school board with the smallest proportion of black representatives in 15 years. The liberal superintendent had resigned, and the new board talked of "weeding out" other administrators. Detroit had undergone one of the most tumultuous political controversies in its history, and the races were more sharply polarized than at any point since the devastating riots of 1967.

Detroit's experience with decentralization documents the problems involved in reforming even the most progressive and least insulated of the nation's big city school systems. It also offers some important evidence on the incompatibility of integration and decentralization.

An integrationist's progress

As has been noted, the Detroit board had been ruled by a black-liberal-labor coalition since the election in 1964 on an integrationist platform of Zwerdling, Peter F. Grylls, a telephone company executive, and the Rev. Darneau Stewart, a black minister. They joined with Remus Robinson, a surgeon elected in 1955 and the first black member of the school board, to make a pro-integration majority on the seven-member board. Zwerdling was the acknowledged leader and the board's most forceful advocate of integration.

Shortly after taking office, Zwerdling tried to fire the superintendent, Samuel M. Brownell, on the ground that he was not aggressive enough on the integration issue, but Remus Robinson, generally a cautious, conservative man, refused to go along. Brownell soon solved the problem by announcing that he would not seek to renew his contract when it expired in 1966. Zwerdling set out to find a man with a proven record on integration, but after a year-long search, the man the board wanted, Neil V. Sullivan of Berkeley, California, rejected the job. In July 1966, on a split vote, the board named Norman Drachler, Zwerdling's second choice, as acting superintendent. Drachler, then assistant superintendent for community relations, had begun in the Detroit school system as a teacher in 1936. The board made him superintendent by unanimous vote the following March.

No one, except perhaps Zwerdling, expected the quiet, scholarly Drachler to bring a revolution to the school system, but the new

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superintendent turned out to be just the aggressive integrationist the board had wanted. The proportion of black teachers increased from 31 per cent in 1966 to 42 per cent in 1970; that of black administrators more than tripled, from 11 per cent in 1966 to 37 per cent in 1970. Drachler appointed two men from outside the system to be the city's first black deputy superintendents. At Drachler's direction, Detroit became the first big city openly to challenge textbook publishers on the presentation of blacks in their books, and in some cases the school system published its own books in preference to using what the board thought was an inadequate commercial book. As a condition of doing business with the school system, all contractors were required to prove they had a suitable percentage of black employes and executives.

Since 1965, the school board's announced policy had been to integrate school districts. In the early 1960's, the system had been divided into regions, each with its own regional administrators, and when in 1962 the board decided to move the Sherrill School from a mainly white region into a predominantly black one, a group of black parents within the school's district lines brought suit in a federal court to block the move. The case lingered in court until 1965, when the school board won an indefinite adjournment by agreeing to redraw all its region boundaries so that each region contained both black and white neighborhoods.

Despite these efforts, by the fall of 1970, fully three-fourths of Detroit's black pupils were in schools that were still more than 90 per cent black. The movement of whites to the suburbs and the increasing size of the black population (a large proportion of them of school age) far outweighed any tinkering that could be done with the school system. The new administration, therefore, made only slight progress in reducing classroom segregation. Drachler altered the school system's open enrollment policy so that students could transfer only if the move furthered integration. The busing policy was similarly revised—but only about 3,000 students were bused, and then only for the purpose of relieving overcrowding. There was little sentiment and no money for city-wide busing, although a 1967 staff report had informed Drachler that massive busing was the only way to integrate the city's schools and classrooms.

An idea whose time came quickly

Throughout this century, centralization and consolidation have been touchstones in the orthodoxy of American public education.

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The thrust of school reform has been to enlarge, consolidate, and centralize school systems. This movement culminated when the Compromise School Act of 1896 broke the power of the ward trustees over the highly decentralized New York City school system and placed it in the hands of a central school board. Such was the power of this idea that, in the late 1950's Myron Liberman could write: "One of the most important education trends in the next few decades is likely to be the decline of local control of education. Such a development is long overdue. Local control has clearly outlived its usefulness on the American scene. Intellectually, it is already a corpse."

Until the mid-1960's, little notice was paid to the argument, advanced in studies dating back nearly 30 years, that the major urban school systems had become too large and were no less in need of restructuring than small rural systems. This view suddenly came into fashion. At first, reformers urged not community control but rather a larger voice in decisions by *professionals* at the lower levels of the school system. Thus, Marilyn Gittell argued that the New York City school system was incapable of educational reform because of the tight control exercised by a few professionals at the top; the answer, she held, was "decentralization of bureaucratic authority and the expansion of outside professional influence." And in Detroit in 1968, the High School Study Commission, a group of 350 civic leaders formed in the aftermath of some demonstrations by black students, advanced a similar view. Most decisions, the commission recommended, should be made by the school principal. He "should be the one person who combines necessary decision-making with a clear grasp of the needs peculiar to a given neighborhood. He should be given the responsibility for relating the school to its environment; he should be given the authority to do it; he should be held accountable for the results."

In the mid-1960's, as more blacks became disillusioned with integration, decentralization acquired an important new base of political support and in the process underwent an important alteration. From having been a strategy for dispersing administrative authority among school professionals, it soon became as well a strategy for dispersing the school board's policy-making powers among the citizens of local communities—hence the emphasis upon "community control." In Detroit, a major leader of the community control movement was the Rev. Albert Cleage, Jr., a charismatic black minister who had played a key role in the integrationist Sherrill School case. "I did not have a philosophical commitment to integration at any point," Cleage now says. "My primary interest has always been the best possible

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education for black children. We used the Sherrill case because it was the tactic of the time." Cleage and his followers began turning away from integration and toward community control as early as 1963, when Malcolm X appeared in Detroit at a conference Cleage had helped arrange. Later Cleage, who renamed his Central United Church of Christ the Shrine of the Black Madonna, helped form the Inner City Parents Council and became its chairman. In June 1967, he presented to the school board the council's first formal demand for black control of black schools.

The community control movement soon acquired two advocates in the Michigan legislature. One of these was James Del Rio, a black Democrat with a flair for the dramatic who represented a poor district in Detroit. Early in the 1968 session, Del Rio introduced a bill to divide the system into 16 "subsidiary" and autonomous school systems, each of which would be independent in the eyes of the state and co-equal with the other 650 Michigan school systems. The bill attracted support from Albert Cleage but was heatedly denounced by practically everyone else with any influence in Detroit education —the city-wide PTA, the Board of Commerce, the Detroit Federation of Teachers, Detroit's influential black weekly, the *Michigan Chronicle*, the city's Urban Coalition group, and the board of education itself. After clearing the House education committee, the bill was defeated by a floor vote. Virtually unnoticed during the lively discussion over Del Rio's bill was a second bill introduced by a liberal white Democrat from Detroit, Jack Faxon, which called for division of the school system into regions, each with its own elected school board, but which also retained and enlarged the city's existing central board. Faxon's measure was killed in committee.

This massive opposition was not to community control but to the drastic Del Rio bill. The board of education became more interested in the subject upon the presentation of the High School Study Commission report, which recommended administrative decentralization and also argued for making provision for "the voice of the inner city in the planning and decision-making process of the schools." Zwerdling suggested that a citizens' committee be elected in each of the city's 22 neighborhood high school districts to act as a "liaison" between the school board and the community. But though all board members advocated reform of this type, they were unable to resolve the crucial issue of how much power to turn over to community boards.

In 1968, a city-wide black group, the Citizens for Community Control, organized a number of conferences in which participants in New

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York City's Ocean Hill-Brownsville experiment spoke. Afterwards, the chairman of this group wrote in the *Michigan Chronicle* that "equality of education through integration is politically and geographically unworkable." He also challenged the school board to stop talking about "community involvement" on the ground that "we already have had that in Detroit. And it doesn't work." Blacks, he declared, would accept nothing less than complete community control. "The principal should have the power to hire and fire the teachers, and the community the power to hire and fire the principal."

Meanwhile, in November, Andrew Perdue, a black attorney, was elected to the board of education with the support of Rev. Cleage and other community control advocates. Perdue was deeply committed to decentralization and community control.

Neither Cleage's Inner City Parents Council nor the Citizens for Community Control developed a particularly large following. Probably they would have if the board had been unwilling to discuss community control. But the board was not unwilling. In fact, it was primarily responsible for making community control and decentralization topics of discussion in the first place. What the board was responding to, in the absence of strong local pressure, was the national discussion of community control that started with the debate over Ocean Hill-Brownsville. Thus, when *The New York Times* interviewed superintendent Drachler during the New York teachers' strike in the fall of 1968, he declared: "Some type of decentralization is inevitable. The question is what is the best method of achieving decentralization?"

The Del Rio and Faxon bills were reintroduced at the beginning of the 1969 session of the state legislature. Almost immediately, one was tabled and the other died in committee. Legislative discussion of decentralization seemed to be dead.

But in Detroit, support for decentralization continued to grow. On April 8, 1969, the Detroit NAACP made its first formal request for decentralization. Its plan for a "community centered school" called for an elected board to oversee each of the city's 330 schools. The boards, whose membership was to be "weighted in favor of parents with children in the school," would in turn name representatives to sit on a board for the entire high school area. "It is our hope that strong state legislative action will not be necessary for creating change in the school system," a NAACP representative said. "However, it appears that legislation or not, we are headed for some form of community control."

Days later, State Senator Coleman Young handed to the Senate

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clerk a bill which was a polished version of the Faxon proposal. Young, a Democrat from Detroit's inner city and the acknowledged leader of the black legislators, is also the state's Democratic National Committeeman. His support assured that decentralization was a live issue in the legislature.

The board discussed the NAACP plan for more than a month. Four of the seven members indicated they would support it or something like it, but there was no agreement on specifics, and some members were cautious. The board's state lobbyist reported that Senator Young's bill could be killed in the Senate education committee. Most board members were not prepared to oppose the Young bill because they did not oppose decentralization, but neither were they prepared to say what kind of decentralization they favored. The lobbyist was ordered to take a hands-off position on the bill. But he did attempt to protect the board by having Young add a phrase providing that the regional school boards would function "subject to guidelines" adopted by the central board. And at the request of the Detroit Federation of Teachers, which was similarly sitting out the decentralization controversy, Young, an old unionist, added a clause holding that "the rights of retirement, tenure, seniority, and other benefits of any employee transferred to a regional school district or between regional school districts . . . shall not be abnegated, diminished or impaired."

In June, the Young bill was reported out of the education committee, and after virtually no debate the Senate passed it by a vote of 25 to 5. In July, the House passed it by a vote of 83-18. These large margins helped to persuade Republican Governor William G. Milliken, and on August 11 he signed the bill into law.

In Detroit, nobody was particularly happy with the new law. Blacks thought it did not go far enough in securing community control. Many whites believed that decentralization was unnecessary and a waste of money, although some white conservatives were quick to recognize that community control would be a boon to them.

Drawing the lines

For the school board, the first order of business was to establish the boundaries of the new regions, and during the fall it held five public hearings on this issue. It quickly became clear that the black community was less than enthusiastic about creating racially integrated regions. "Consideration should be given to those areas where a sense of community prevails," an NAACP representative stated.

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"This decentralization bill is not a vehicle for integration." New Detroit, the city's Urban Coalition group, declared: "Elimination of *de facto* segregation should be the result of and not the object of education." The representative of another black group reported that "Throughout all our discussions, integration has been the least sought-after variable." Such sentiments were aptly summed up by a spokesman for the largely black First Congressional District Democratic organization, who said, "Redistricting must guarantee black control of black schools."

The willingness of blacks to forsake integrated regions stemmed from the simple demographic fact that, although 65 per cent of Detroit public school students were black, only 44 per cent of the city's electorate was black. If the regions were fully integrated—with each region's racial mix duplicating the mix of the city as a whole—they all would have black student majorities and black voter minorities.

When Zwerdling and his fellow board members talked of coupling decentralization with integration, integrated regions were precisely what they had in mind. "It is true that decentralization will not change where anyone goes to school," Zwerdling said in early 1970. "It is not going to end racial isolation. But if we drew boundaries that put blacks into one region and whites into another region there could never be any integration. We would have frozen things. But . . . we seek to achieve integration, and so what we can do is create a situation where blacks and whites working together on region boards can move to end the segregation within their own region." Zwerdling ignored the possibility that a white voter majority might move region boards farther away from integration.

In ordinary circumstances, Zwerdling's plan would have commanded a voting majority of the board. Zwerdling and the other members of his 1964 campaign team, Grylls and Stewart, were prepared to vote for it, and their frequent ally, Remus Robinson, had said that he would go along. But early in 1970 Robinson was hospitalized with cancer and was unable to be present to cast his vote. Zwerdling delayed the vote for weeks in the hope that Robinson would be well enough to appear and vote.

Two other board members, James A. Hathaway and Patrick A. McDonald, refused to support the Zwerdling plan. Hathaway, a white attorney elected in 1968 with Perdue, had decided to vote for black control of black schools because that was what had been demanded in the hearings. McDonald, a young white attorney with an ambitious eye on higher office, had spent most of his term opposing every Zwerdling program—to which the board majority re-

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ciprocated by refusing to consider any McDonald suggestion. As usual, McDonald had his own plan, which only he was prepared to vote for.

Andrew Perdue was the swing vote; if he could be won over, Zwerdling's plan would have a majority even in Robinson's absence. But Perdue considered the Zwerdling plan a "smokescreen." If the board were really serious about achieving maximum integration, he insisted, it would have to change school "feeder patterns wherever possible." Unless the board were willing to do that, it should stop talking about integration and draw up the black-controlled and white-controlled regions that every one demanded.

In mid-March, when it became apparent that Robinson would not attend another board meeting, Drachler called in his key aides and told them that Perdue's vote had to be won. To do that, Drachler said, "I need an integration plan." The staff proceeded to give him one. Without altering the regions mapped out by the Zwerdling plan, Drachler's aides redrew the boundaries of many high school districts within five of those regions. The racial composition of half of the city's 22 neighborhood high schools would be substantially affected, and the three remaining all-white schools would become integrated. Cody, a 2.1 per cent black school, would become 31.3 per cent black; Redford, only 2.2 per cent black, would become 29.2 per cent black; and Denby, 3.1 per cent black, would become 53 per cent black. About half of the 9,000 students to be affected by the plan would be white students, who would be sent to predominantly black schools. It was the first time the board had integrated both ways, requiring whites to go to black schools as well as the reverse.

With Zwerdling's approval and Robinson's support, Drachler presented the plan to the board at a secret dinner meeting on March 31, 1970. Perdue gave his assent, and the four votes needed to adopt the plan were assured. "You have spoiled my dinner," McDonald told Drachler.

The next day, McDonald called Drachler to ask for a copy of the plan. Zwerdling had given instructions that no documents were to be distributed, but Drachler decided that McDonald had a right to have a copy of the plan. So on Friday a messenger delivered a full copy of the integration plan and the supporting charts to each board member. McDonald promptly turned over his copy to a favored reporter, and on Sunday both Detroit newspapers carried page one stories about the board's readiness to adopt a "sweeping integration plan."

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Reaction in Detroit and Lansing

The reaction was swift and violent. On Monday parents at four junior high schools affected by the plan kept their children home in protest; at one of these, only 50 of 500 students showed up for class. That night, a group of angry white parents met to form a Citizens' Committee for Better Education and elected Edward Zaleski, a policeman, as its temporary chairman. "It will be a tough fight," Zaleski said, "but we are prepared to fight this thing all year, or ten years if necessary."

On Tuesday, as the boycotts continued, the school board held a meeting; white parents jammed the second floor board room at school headquarters, and hundreds more overflowed into hallways and the ground floor lobby. McDonald, whose popularity among the city's white voters was rising, went to the lobby to proclaim himself the champion of the parents' cause and to denounce his fellow board members. He further suggested that anyone unhappy with the school board might study the state's recall law. At one point during the evening, the parents tried to break down the glass doors leading to the meeting room, chanting "Hell no, we won't go." Inside, the board heard more than 30 speakers, most of them against the plan. A spokesman for the Detroit Urban League hailed the action as "the board's finest hour." After five hours, the board, as expected, officially enacted the plan—Zwerdling, Grylls, Stewart, and Perdue in favor; McDonald and Hathaway against.

The turmoil in the schools continued for a week. Detroit officialdom was in confusion. And white parents continued to organize. Aubrey Short, a metallurgical engineer with eight children, was elected permanent chairman of the Citizens' Committee for Better Education. On May 4, the committee held a rally in front of school headquarters to kick off a recall campaign against the four board members who had voted for the integration plan.

Meanwhile, in Lansing, the Michigan legislature had enacted a protest of its own. The day after the integration plan was adopted, two old foes of the board, James Del Rio and E. D. O'Brien, a conservative white from Detroit, pulled out of committee a bill providing for a referendum on decentralization and added an amendment requiring the school board to send every student to the school nearest his home. The next day, the bill as amended passed 68-31. Del Rio was absent and none of Detroit's black legislators voted for the bill, but white Detroit conservatives joined with suburban and rural legislators to make up the huge majority. The Senate voted 22

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to 9 to repeal the decentralization law outright. Senator Young declared that "this is capitulation to blind prejudice."

For Young and other supporters of decentralization, the situation was desperate. Clearly there were enough votes to prohibit any form of decentralization and to pass anti-integration legislation as well. Young was furious at the Detroit school board for adopting what he came to call "this chicken shit integration plan." He could be seen walking to sessions of the Senate muttering to no one in particular, "And they thought they could get away with this in an election year."

Young decided that his best tactic was to get the legislature to pass a new law authorizing decentralization but outlawing the integration plan. "You can support that kind of bill," he told his fellow black legislators, "because the anti-integration clause will last only as long as it takes to get this thing into court." Such a strategy was further recommended by the fact that only a third of the 149 candidates who had filed for the regional school board elections were black. The prospect of a white sweep of the elections made Young all the more willing to take up a new decentralization law, which would allow time for more candidates to file.

Young and the House Speaker, another leading liberal, met with conservative legislators from April through June in an effort to reach agreement. The central problem was where to draw the regional boundaries. Conservatives wanted boundaries drawn along legislative district lines because these best served to separate black and white areas. Liberals would not go along with such a blatantly segregationist plan and wanted the boundaries drawn according to school attendance boundaries. Governor Milliken said he would sign no law which did not win approval of the entire Detroit delegation.

After nearly three months of steady work, a compromise was worked out. The legislature would pass a decentralization law with the boundary issue unresolved; if within seven days after the governor signed the bill no agreement on boundaries could be reached, the governor would appoint a three-member boundary commission to do the job. The bill sailed through the House 93-1 and through the Senate 30 to 0 without debate. The governor signed it into law on July 7. When the legislature could not decide on the boundaries, the governor appointed a commission to settle the matter.

In Young's opinion, the new decentralization law was better than the old one. It provided for eight regional school districts, each with a five-member elected board. The top vote-getter in each region

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would be the regional chairman and would have a seat on the central school board. The central board would have only five at-large members, so that the regional chairman would be in the majority. The central board would handle labor negotiations, distribution of lump-sum budgets to the regions, and the building of new schools from the limited construction budget. Most other responsibilities for running the system rested with the regional boards. Unlike New York City, where high schools remain under central board authority, all Detroit schools were turned over to the regional boards except for a handful of specialized, city-wide schools.

The new law also managed to take a few digs at the board majority. It shortened the terms of Zwerdling, Stewart, and Grylls by one year so that they would expire on December 30, 1970. It also restricted the power of the board to fill the vacancy created by the death of Remus Robinson on June 14th. The legislature enacted these provisions on the understanding that, if it did so, the group pressing for the recall of the board majority would call off the campaign. Everyone in state government feared that a recall campaign carried on through the summer could lead to another riot.

But a few days after Governor Milliken signed the new decentralization bill into law, Aubrey Short, chairman of the Citizens' Committee for Better Education, said his group would not call off the campaign after all. "A lot of people have decided they don't like the board of education. If they have changed their minds, then they can vote against the recall on election day," he said.

The recall

The recall campaign is one of the amazing success stories of modern Detroit politics. Within two weeks after the kickoff, a door-to-door campaign had netted 70,000 signatures of the 114,000-plus required (a number equal to 25 per cent of the total local vote for governor in the last election). Earlier attempts to recall public officials—most recently it had been Detroit Mayor Jerome Cavanagh—had failed because of the large number of signatures needed. But the school board recall had a momentum which could not be stopped, and on June 15 the committee filed petitions with 130,000 names. A month later the city clerk ordered the issue on the August 4 primary election ballot.

Three separate federal and state suits were filed during the next month in an effort to keep the recall off the ballot. But on July 31, just five days before the election, the Michigan Court of Appeals

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overruled a lower court decision and ordered the recall question put back on the ballot.

The inconsistent court decisions left little time for a campaign to oppose the recall. After the final court decision, a group of old-line liberals tried to organize against the recall, but they could raise only enough money for one full-page newspaper advertisement. The UAW, now without Walter Reuther at the helm, printed leaflets opposing the recall, but little else was done. "Where have they all gone?" asked Andrew Perdue on election day, "the UAW, the NAACP, the others who supported us."

The election turnout was light—only 23 per cent of the city's eligible voters went to the polls—and the recall carried with 60 per cent of the vote. Voting was unusually heavy in the city's white neighborhoods, and in some areas where the integration plan would have required whites to go to black schools, the favorable vote on the recall was 90 per cent. An equally heavy percentage opposed the recall in black neighborhoods, but voting there was not as heavy as in white precincts.

It was the first successful recall in the 128-year history of the Detroit school system, and when it was over, not even the recall committee was terribly proud of what it had done. Edward Zaleski defensively told an NBC news interviewer: "I had a right to fight. My daughter was being sent to a black school. We knew we were going to win because we were fighting for our children. They were fighting for only an idea."

The new school boards

On the day of the recall election, the governor's boundary commission announced its conclusions. The commission members—a prominent black liberal clergyman, a conservative white city councilman, and a little-known Wayne State University law professor—had agreed from the outset that integration of regions would not be a condition. They also agreed to divide political control equally between whites and blacks. With these issues out of the way, they set to work to create four white-controlled and four black-controlled regions. Their deliberations centered on the technical problem of drawing boundaries that kept as close as possible to existing school boundaries while still meeting the one man, one vote test. As a result of the commission's work, which was finished less than two weeks after its appointment, decentralization was at last ready to go into effect—or so it seemed.

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But shortly after the recall, the NAACP brought suit against the legislature challenging its right to overturn the school board's April 7 integration plan. The United States District Court refused to reinstate that original plan. Upon appeal, the Federal Circuit Court ruled in mid-October that the section of the decentralization law prohibiting the board from implementing its integration plan was unconstitutional, but it turned back to the District Court the question of whether the board's original plan should be put into effect. The District Court in turn asked the school board, which now included four members appointed by the governor to replace those recalled, to suggest alternative plans, and the board responded by offering three—the original integration plan, a voluntary integration plan suggested by Patrick McDonald, and a plan requiring every high school student to take at least part of his course work at a second school. The Court selected McDonald's plan to create "magnet" high schools designed to attract voluntary student transfers and ordered that the plan be put into effect by September 1971.

Meanwhile, school board elections were under way. Although the new decentralization law canceled the normal primary and opened up the election to new candidates, only 51 additional candidates filed, making a total of 200. These 200 were a diverse group, including 19 teachers, 18 housewives, 7 lawyers, and a sampling of other professions. No consistent city-wide campaign organization was evident during the weeks prior to the election. The UAW, traditionally an important power in Detroit politics, was active and successful in several parts of the city, especially in two black areas. The Citizens' Committee for Better Education was likewise in evidence in areas where feeling against the integration plan had been high. But in general the campaigning was unorganized as a result of which the most important factor in the election seemed to be the candidate's name. As in other Detroit elections, well-known political names often won.

Despite any confusion, the election produced a clear victory for the conservatives. The new 13-member central board included six staunch anti-integrationist conservatives and only three blacks, of whom only one was elected on an at-large basis—giving the board the smallest proportion of blacks in 15 years. Contrary to all expectations, blacks won a voting majority on only two of the eight regional boards, although black students were in the majority in six of the eight regions. In the three regions where opposition to the integration plan was most intense, not a single black was elected. Of the 43 central and regional board seats on the ballot, 13 were filled by

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blacks, whereas 10 were filled by Polish-Americans (four of them on the central board). Although black voters generally rejected openly separatist black candidates—a slate headed by Rev. Cleage did poorly in an inner-city region where Cleage is well known—white separatists fared better at the hands of the white electorate.

To anyone who may have doubted it, the conservatism of the new board manifested itself almost immediately after the new members took office on January 1, 1971. A few days later, the board held a special meeting to consider the Appeals Court's decisions to overturn the state's anti-integration law. Six new conservative members wanted to appeal the order to the United States Supreme Court. McDonald, whose support they had expected, refused to vote for the appeal because he feared that the court might overturn his voluntary integration plan. That left the board split 6 to 7 against an appeal which indicated to the conservatives that they could control the board as long as McDonald, whom they considered their spiritual leader on the strength of his opposition to the integration plan and his silent support of the recall, voted with them. At the next meeting they snatched the presidency of the board from James Hathaway, who had presided over the interim board, and handed it over to McDonald—the man who, until a few months earlier, had been the pariah of Zwerdling's liberal board.

As a result of the election, superintendent Drachler found himself in a difficult position. It was clear that, at best, he could command only five or six votes on the 13-member board. Moreover, the new board had suddenly become money-conscious. Whereas the old liberal board had paid little attention to the $29 million deficit in the system's $249 million budget, the new board started cutting programs and firing personnel, including 192 non-contract teachers, in an effort to reduce spending by $12 million within six weeks. Trying —but with little success—to make it sound like a normal event, Drachler announced toward the end of January that he would resign at the end of the school year in order to set up and direct a new program, funded largely by the Ford Foundation, to train future educational leaders.

Community control—or "Dixie"?

The early weeks of decentralization produced several issues which could have sparked city-wide confrontations like those experienced in New York. First, a regional board acceded to the demands of a group of black parents to remove a principal in clear violation of

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the school system's contract with the principal's union. But the principal backed off and was quietly given another assignment. Then, in defiance of the central board's instruction another regional board refused to give students a statewide achievement test. The central board said nothing. This same regional board also said it would not implement voluntary integration in September. Still no open confrontation occurred. Everyone seemed anxious to avoid what they called "another Ocean Hill," and when a confrontation threatened to escalate to that point, both the regional and central boards backed away.

There was also some evidence in the early weeks that the new boards were less than unanimous in their enthusiasm and commitment to make decentralization work. Some new members had been outspoken in their opposition to the whole idea of decentralization during the campaign, and several of them continued to take this view once in office. They talked of having the legislature end "this foolish experiment" before the next school board election in 1973. And some of the regional boards seemed more interested in avoiding responsibility than in using or expanding it. After a series of high school disruptions, the central board was forced to assume responsibility for handling incidents because the regional boards did not want to have to deal with the messy problem of student unrest.

But it is still too early to determine whether decentralization in Detroit will produce genuine community control or whether it will have a favorable impact on student achievement. It may or it may not. Only time will tell, although it may be a significant portent for the future that at no point during the debate on decentralization was education the prime consideration. The arguments were all political.

About the short-run political consequences of decentralization, some things do seem clear. In Detroit the process of decentralization produced severe racial polarization and a backlash vote which put a conservative school board in office. The blacks who pressed for decentralization were the losers; they ended up with less power and less influence than they had had before decentralization. As a result, some of the city's more conservative black leaders are ready to give up on decentralization before it is even a year old. Meanwhile, the devastating political conflict that accompanied the process of decentralization has not yet quieted down, and the "peace of reconciliation" that Alan Altshuler envisions as the ideal outcome of decentralization has yet to descend upon Detroit.

The national importance of Detroit's experience with decentrali-

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zation lies in the conflict which developed between decentralization and integration. It can be argued that the board's integration plan, which was developed as a compromise to get needed votes, did not in fact achieve much integration. But there can be no doubt that those who worked to recall the school board did so in order to fight integration no matter how modest its degree. *And in fighting integration during the recall campaign, whites who had opposed decentralization for two years suddenly embraced community control as they realized that segregated regions would protect them forever from the threat of integration* that the Zwerdling plan had posed.

It may not be, as one school official observed on the day of the recall election, that "the song is 'community control' but the tune is 'Dixie.' " But the Detroit experience does offer convincing evidence that integration and community control are not easily compatible.

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Government and Scientific Research —Some Unanswered Questions

CARL KAYSEN

THE administration's proposals for research and development in the budget for fiscal year 1972 have offered the first signs of cheer in a situation that has looked increasingly dark for five years. Total budgeted R & D obligations are set at $16.7 billions, almost 8 per cent higher than the $15.5 billions of the previous fiscal year. This increase is larger than the usual estimates of the annual increase in the cost of research activities—some 5 or 6 per cent—and thus provides at least some margin for real growth. Further, the agencies which now play the largest role in supporting academic science, Health, Education, and Welfare, National Science Foundation, and Defense (which together account for over three-quarters of federal R & D obligations to universities and colleges in the current fiscal year) had larger than average shares in the increase: 15 per cent for NSF, over 11 per cent for Defense, and almost 9 per cent for HEW. The total NSF budget, including funds for education, institutional support, and administration, goes from $506 million to $622 million, an increase of over 20 per cent. Other relatively large percentage increases went to the big civil spenders on R&D—Transportation, Agriculture, Interior, and Commerce, while NASA and AEC were cut.

In explaining the R & D budget to the press in January, the President's Science Adviser emphasized its deliberate policy content, stating:

> R & D is a very high priority item in this government. We are determined to maintain and to widen our preeminence in basic research. We intend to focus applied research and development programs on solving the problems of society. We must sustain our colleges and universities and we will, so that they can continue to provide us with excellent manpower. I look on this budget as a major thrust in future investment. The message is that the R & D community can look to the future with confidence.

These signs should be considered in connection with others, however, that hardly point to a simple return to old patterns in relations between science and government. The first of these is a new emphasis on applied science, or shorter- rather than longer-term results from research. The biggest growth item in the administration's NSF bud-

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get is a program termed Research Applied to National Needs (RANN), which was allotted $81 million—twice what the program received last year, its first, under the initial title of Interdisciplinary Research Relevant to Problems of our Society. The most publicized new element in NIH is the proposed $100 million cancer research program. The AEC budget contained a large increase in the request for research funds for breeder fission reactors, and a small but symbolically important cut in support for studies of fusion power, just when that program shows many exciting new technical opportunities. The first clearly is justifiable on practical grounds; the second is harder to understand, except as signifying a deliberate de-emphasis of distant results, no matter how interesting scientifically and how important ultimately in practical terms.

The second element is the change in the government's stance toward the increase in the capacity of academic science, as measured by the annual output of new Ph.D.s, and the number of institutions with Ph.D. programs in science and engineering. Federal support of students working for the Ph.D., in the form of training grants and predoctoral fellowships, reached a peak in 1968 when nearly 58,000 students were supported. In the current fiscal year the number is 36,000 and the trend continues down. The current high level of unemployment of scientists and engineers associated with the aerospace industry has underlined the concern in Washington about "overproduction" of men and women with advanced degrees in science and engineering. This problem, of course, has broader roots in changing demographic trends, and encompasses nearly the whole academic spectrum.

The third and final element is the new atmosphere of science-policy making in Washington. For the first time since President Eisenhower created the post, the President's Science Adviser comes from an industrial rather than an academic background. More members of the President's Science Advisory Committee are drawn from industry than have ever been before. In general, the point of view of academic science, especially physical science, that was once dominant in the executive branch and was listened to respectfully in the Congress is no longer as influential.

THESE changes in the character and goals of official policy-making for research and development must be seen against a wider background of changes in the general relation of science and scientists to the rest of society. The attitudes toward, and habits of thought about, this relation were formed by a set of experiences in which the purposes of scientists and science could be readily identified with, and assimilated to, those of political leadership—even if close scrutiny would have shown they were not identical. Furthermore, they were experiences in which the scientific community shared in the broad public consensus of support for the policy aims for which science was used and financed.

Four overlapping sequences of events in the period of 25 years, from the early 1940's to the middle 1960's were decisive in this experi-

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ence. The first, of course, was World War II, and the extraordinary contribution to military achievements made by civilian scientists. The climax of that contribution and its emblem in the public mind was the atomic bomb. The lesson of this experience was not lost on the military services or the political leadership of the government. The creation of the Atomic Energy Commission, a continued high level of spending on research—including the support of academic science—by the military services, steady growth in the budget of the National Advisory Council for Aeronautics, all were results of this history.

At a time when the experiences of the war were losing their freshness and had begun to fade from the public mind, the successful testing of thermonuclear devices, both by the United States and the Soviets, followed by the launching of Sputnik, refreshed them indeed. The ICBM race and its associated development in nuclear weapons stimulated the next great burst of federal spending on science in the middle and late 1950's. The final thrust of these same impulses came from the United States moon-landing program announced in early 1961, with the result that spending by NASA grew more than ten-fold in three years and remained at a high level for the rest of the decade.

In the meantime, beginning late in the 1950's and lasting through the 1960's, the fourth of the processes, and the only one not connected with international military rivalry, took place—the great growth of the National Institutes of Health. Total research funds expended, which had doubled from about $30 million to about $60 million in the period 1950-55, increased more than ten-fold in the following decade. Most of this growth came in the funds used to support research in academic institutions, although the Institutes' own laboratories also grew substantially. Biological research, especially in the newer fields of molecular biology and biochemistry, expanded enormously, overwhelmingly supported by the federal government through the NIH.

But government, scientists, and general public have now said goodbye to all that. In the first instance, the pressure of the Vietnam war on the budget has been a prime force in halting the growth of federal research expenditures. At the same time, scientists have been among the most vocal critics of government policy, and their criticism has covered a wide front. Not only the war in Vietnam, but military programs and activities as well as the foreign policy which they support have been widely scrutinized, criticized, and vehemently attacked. At the forefront of the group of critics are many senior scientists who had leading positions in the formulation of government science policy over the past 25 years, as well as a host of younger men. Government inaction in other areas has drawn almost as much fire from the academic world as government action in foreign policy. Scientists have played an important role in rousing public concern about pollution and other costs of technical progress. Medical school professors and other biomedical researchers have joined in, if not led, the widespread dissatisfaction with the effectiveness of our system of health care.

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At the same time, the general public is ceasing to view science as a widow's cruise of endless practical benefits, and is increasingly concerned with the negative implications of new scientific and technological possibilities. The man in the white lab coat is more and more seen as Frankenstein rather than Prometheus. This general attitude is reinforced by the romantic irrationalism of the New Left youth culture, which emphasizes the values of feeling above those of knowing, and views science as one more form of organized effort through which elites manipulate and subordinate masses.

These attitudes toward science are not without their reflections—to be sure, in attenuated form—in legislatures and other political forums. There they are reinforced by the identification of academic science with the distasteful turmoil in the campuses, as well as the plain man's common-sense suspicions of academic experts who become vocal public critics of what politicians do and say.

Thus the coincidence of purposes, attitudes, and assumptions on the part of the general public, its political leaders, and the community of academic science is over; and so inevitably is the period of steadily rising and almost unquestioned support for academic science that it made possible.

A NEW relation between science and government must confront three sets of difficult questions, for which old answers no longer appear apposite or persuasive.

The first set of questions has to do with the size of federal support for basic or academic science, and the related questions of federal support for higher education, especially postgraduate education. No one has yet formulated a satisfactory argument to show what the "right" level of support for basic research should be. Our own past practice has been to allow basic research (which can be roughly identified with academic science) to grow in proportion to the total research and development budget, of which it has been about one-tenth. This method works well when the total is growing fairly steadily and not too rapidly. It creates great problems when the total declines; and it works badly if the total fluctuates. Producing new science and training new scientists (at the Ph.D. and postdoctoral levels) are intimately connected, and a high output of one results in, as well as requires, a high output of the other. The active life of a scientist is a large multiple of his training period, say six or seven, and thus departure from a relatively steady new supply of scientists can create difficult problems of adjustment, inefficiency, and waste of expensive specialized training. The same kind of problem arises in connection with support for each broad field of basic science, although within fields a good deal of mobility is typical.

Consideration of the scale (and distribution among fields) of support for academic science is thus intimately bound up with the growth of and support for postgraduate education in academic (as opposed to professional) subjects. The best recent studies of market prospects for new Ph.D.s in the next decade are bearish. The sharp constriction of government support for Ph.D. students already re-

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flects these forecasts. Yet the momentum of previous programs for developing new doctoral programs and creating "new centers of excellence" is still great, and many aspiring institutions continue to expand Ph.D. programs and institute new ones. This process not only raises prospects of unemployed (or, more properly, overtrained and underemployed) Ph.D.s; it should remind us that, from the point of view of quality, we have already too greatly expanded our capacity to produce Ph.D.s.

The most promising kind of mechanism for determining the level and distribution of federal support for academic science appears to be one that relates it fairly directly to forecasts of the society's total need for technically and professionally trained manpower, a need that all qualified observers agree will continue to grow. The universities will continue to supply this need; their faculties also do the major part of the work of academic science. It should not be too difficult to design a process that recognizes academic research as a necessary input into the process of postgraduate and professional education, and sets its level of support and its broad allocation among fields in terms of the expected growth in demand for such education. The process should incorporate some adjustment mechanism of a moving-average type, one that would respond to sustained shifts in demand, but not to relatively short-term fluctuations.

The advantage of such an arrangement is that it recognizes the truth that academic science is not oriented to a specific technological purpose, whether military or medical. The notion that basic research is in some direct sense an input into applied research and development, which was the underlying rationale of our past support for it, has simply not borne critical examination. Of course, the relation is there, but it is so indirect, so uncertain in time, and so variable that it cannot sustain the pressure of a continuous search for useful results traceable to particular (and especially recent) work in basic science. This proposal has one disadvantage, however, that may outweigh this virtue: namely, it requires a great deal more federal planning in higher education than is now in prospect. In particular it requires the federal government to deny to new and aspiring, usually public, institutions activities which old, prestigious, and often private ones have. It also requires a restoration of governmental and public faith in the universities which may be some time in coming.

A SECOND set of questions revolves around the organization of federal government support of science. Is the decentralized pluralist system under which science has flourished more than a transient accident? Pressures from within and without the government are converging on the linkage between academic science and mission-oriented agencies of government which has been the characteristic element of the pluralist arrangements of the past. The Defense Department furnishes the strongest example of questioning from both directions. On the one hand we have Senator Mansfield's attempt to legislate rather narrow limits on Defense's support of basic science; on the other, faculties on many campuses questioning the links be-

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tween their universities and any kind of war-related science. For example, the faculty of MIT resolved that the tie between the Institute and the Draper Laboratory, which has designed almost all of America's successful missile guidance systems, be cut, though the work of the laboratory judged in technical terms is superb, and its financial contribution to the general support of MIT quite significant.

Suggestions have been reported from within the NSF and the National Science Board that a single National Institute of Advanced Study and Research be created, with the responsibility for all federal funding of academic science. This would certainly be a neater arrangement than our present one, and its very creation would be a recognition of the shortcomings of the pseudo-utilitarian arguments that are now made in support of the present arrangements. On the other hand, there are important virtues in a direct connection between the many agencies supporting large programs of applied research and development, both externally and intramurally, and the pool of talent in the academic disciplines that bear on their problems. These could be lost if the only ties between government agency and academic community were through the kind of high-level scientific advisory committees that are characteristic of these agencies.

A MUCH less concrete group of problems, which are at least as important as these more specific questions of funding and organization, center on the difference in fundamental orientation between scientists on the one hand and the democratic public and its government on the other. Is our individualistic, egalitarian, utilitarian society ready to make a place for basic science in terms that will permit it to flourish? Once the public and its political leaders recognize that science is, in Jerome Wiesner's words, the useless frontier, as well as the source whence flows a stream of technological wonders, will they continue to support it? It is, after all, the former and not the latter aspect of science that concerns the successful academic scientist. His standards are esthetic, not utilitarian. Though he is in many ways an individualist, more than most other Americans he participates intensely in a close community culture, cut off from the rest of his society. This is a culture with strong elitist elements, in which judgments of achievement are sharp, and the gradings of status consequent on them are strong. In our universalistic, democratic, and increasingly egalitarian society, the culture of our political leaders is more and more the popular culture of the society. Once academic science is stripped of its utilitarian facade, how well will the representatives of American popular culture be able to provide the sympathy for and understanding of it that are the preconditions of continued public support?

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Blood

NATHAN GLAZER

No American can read *The Gift Relationship: From Human Blood to Social Policy,* by Richard M. Titmuss (Pantheon, $6.95) without shame. We are generally aware that American health services are in bad shape. They are enormously expensive, both absolutely and as a share of Gross National Product; they are inequitably distributed, both geographically and socially; they are not terribly effective in improving health; they are very badly coordinated—if indeed they can be said to be coordinated at all; they are difficult of access and comprehension.

All this we more or less knew, and it is a heavy charge to set against the several advantages of the American system—that fairly good but costly health services by well-trained people are available in most places for most people and that our chaos offers the advantage—still one not to be lightly thrown away—of providing a multiplicity of patterns and models of health care and of foreclosing none completely.

Professor Titmuss's study of the systems for the collection and use of blood and blood products in health services in the United Kingdom and the United States suggests forcefully that the charges against the American health system are far graver than those I have suggested, and its several advantages are, on examination, no advantages at all. He has had the ingenious idea of examining a very specific area of medical practice and treatment, and he asks how it is handled in England and the United States.

In England, blood and blood products are completely removed from the marketplace. Blood is not sold by donors, nor do they get any advantage of any kind from giving blood. They do not by giving blood provide blood for family and friends, or pay off the blood used by themselves and their families, or accumulate credits for themselves or for specific institutions. Nor can blood be sold. The blood that is needed is provided by the National Blood Transfusion Service. Because there is no market in blood, even private patients—those who do not take advantage of the National Health Service but become patients in private hospitals—get blood free. There is heavy and increasing use of blood in England, as in this country, for surgery, for accidents, in obstetrical practice, for the preparation of blood products used in testing and treatment. The system of voluntary donors, who give often and regularly, provides all that is needed. Donors are

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a cross-section of the healthy population. The amount of blood wasted (blood is wasted when it is not used within 21 days, though products made from blood can last for a much longer time) is infinitesimal—one per cent or so. The number of infections arising from blood taken from sick donors, or donors infected with serum hepatitis or other diseases that are carried through the blood, is very small, of the order of magnitude of one per cent or so.

Let us contrast this with the American situation. Professor Titmuss estimates that in the United States only 7 per cent of blood is given completely voluntarily by donors. A good part—it is hard to estimate the proportion owing to poor statistics but perhaps a third—is bought and sold on an open market. The rest is given under varying degrees of compulsion, ranging from the mildest—the pressure to give blood for family and friends—to the quite specific obligation to repay blood used, or the building up of blood insurance under various programs. While 40 per cent of blood is collected by the Red Cross, 20 to 30 per cent by 6,000 hospital blood banks, 15 to 20 per cent by community blood banks, and all these do not pay donors, the fact is that no blood is free. Hospitals charge for its use. The cost is so high that hemophiliacs, or those suffering from serious accidents or special surgery, can be bankrupted by the bills. (Some part presumably is covered by insurance, other parts by Medicare and Medicaid—even so, many individuals will find themselves saddled with enormous yet quite real debts for blood.)

This is the beginning of the contrast. Despite the enormous charges for blood, blood is in permanent short supply in this country. Not enough donors come forward, whether paid, tied, or completely voluntary. Between 1956 and 1966-67, American blood collections rose 17 per cent. In England and Wales, the increase in collections for this period was 77 per cent. If one takes into account the fact that American population rose much faster than English, American blood collections per capita did not rise at all, or may have declined. The estimates for waste in American blood collections—primarily through out-dating—run as high as 30 per cent, as against one per cent in England and Wales.

The permanent blood shortage has led pharmaceutical companies into the practice of plasmapheresis—in which great quantities of blood can be taken, at frequent intervals, from donors, and the red cells removed and reinjected. This permits donors to be bled more often, and for greater quantities. It may have as yet undefined dangers to the health of donors.

At the same time, the blood here is of much poorer quality. Because so much blood is collected from those selling blood to make money, a substantial proportion of donors are Skid Row types, drug addicts, and others among whom the risk of hepatitis is extremely high. The carrier of hepatitis need not know he has it, but whether he knows it or not, there is an incentive for the paid donor whose need for money is urgent to conceal it. A good part of American blood supplies comes from prisoners, who are given various incentives to contribute, and among these, too, the risk of hepatitis is high. Thus the risk of hepa-

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titis from blood transfusion, and the risk of death, is much higher in the United States than in England.

Because of the perpetual shortage, the United States uses, for the casualties of Vietnam, blood bought in the Far East (the system in Japan also depends in large measure on paid donors, with equivalent risks). Thus, the United States is engaged in the purchase of blood on the international market.

Professor Titmuss points out that in this country it is the poor who sell blood, the rich who buy it—the middle classes manage through insurance schemes, but are still subject to the risks inevitable in the paid donor approach. Whereas England provides blood free to private patients and exports excess eyes for transplants (contributed free to the National Health Service) without charge, the United States is already dependent in some measures on overseas supplies; and to the movement of blood from the poor to the rich internally, we may soon add a movement of blood from poor countries to rich countries internationally.

The American commitment to a free market in blood operates at many levels. The individual may sell his blood. He may sell to a commercial blood bank. The blood bank sells it to pharmaceutical companies, profit-making hospitals, and non-profit hospitals. All these sell blood to patients. If hospitals borrow blood, they must repay it. If one area is short of blood, it must import from another, and then repay in blood. This leads to practices of hospital hoarding of blood, which leads to waste, as some have too much and must dispose of it. It leads to a great deal of shipment of blood from one area to another. Because shipment of blood is more efficient when blood is combined into large pools, the risk of hepatitis increases—one bad donation may infect the whole. In England blood is not pooled to the same extent, owing to these risks. With all this buying and selling, there is an enormous addition to the Gross National Product—at the cost of delayed operations, insufficient supplies, the spreading of infection and the danger of death.

Titmuss concludes with this overwhelming indictment:

> From our study of the private market in blood in the United States we have concluded that the commercialization of blood and donor relationships represses the expression of altruism, erodes the sense of community, lowers scientific standards, limits both personal and professional freedoms, sanctions the making of profits in hospitals and clinical laboratories, legalizes the hostility between doctor and patient, subjects critical areas of medicine to the laws of the marketplace, places immense social costs on those least able to bear them—the poor, the sick, and the inept—increases the danger of unethical behavior in various sectors of medical science and practice, and results in situations in which proportionately more and more blood is supplied by the poor, the unskilled, the unemployed, Negroes and other low-income groups and categories of exploited human populations of high blood yielders. Redistribution in terms of blood and blood products from the poor to the rich appears to be one of the dominant effects of the American blood banking systems.

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> Moreover, on four testable non-ethical criteria the commercialized blood market is bad. In terms of economic efficiency it is highly wasteful of blood; shortages, chronic and acute, characterize the demand and supply position and make illusory the concept of equilibrium. It is administratively inefficient and results in more bureaucratization and much greater administrative, accounting and computer overheads. . . . In terms of quality, commercial markets are much more likely to distribute contaminated blood; the risks for the patient of disease and death are substantially greater. Freedom from disability is inseparable from altruism.

As is clear, Professor Titmuss is arguing a larger case than the efficiency and economy of the British system of blood services; he is also arguing that altruistic, non-market behavior, gifts to the stranger and the community must play a role in systems of social policy; further, that the American free market in blood *restricts freedom.* It is perhaps here that he pushes his argument furthest and is most difficult to understand. He argues that the American system, with its chaos and disorder and waste, restricts the freedom to be altruistic, which he considers not a minor freedom—one which can play only a modest and hardly important role in the social policy of an advanced state (as he might consider, for example, the freedom of rich ladies to distribute Christmas food baskets). He argues that the freedom to give freely must be maintained and enhanced.

Now one might respond there is no limit on the freedom to give in the United States. One is always free to give blood without payment, and many do. Titmuss would answer (and here I try to rephrase his arguments) that this freedom is inhibited because one knows in giving that others make profit from selling their own blood and other institutions make profit from processing and selling the blood one has given freely (he points out that even non-profit hospitals will try to have the blood services "show a profit" to pay for other costs).

I am not sure that this disincentive to give freely actually operates in fact. I asked a Harvard student who recently gave in a big blood drive, and who spoke to other students who both gave and didn't give, and it turned out that this consideration was never raised. It is hard to see any other way in which the freedom to give is *restricted.* One could argue further—and Titmuss does—that the fact that the proportion of blood that is paid for in the United States is constantly rising demonstrates the decay of altruism under conditions in which any part of the process is commercialized. It is still questionable whether a restriction of freedom is involved.

There is perhaps another way in which the tendency to altruism is repressed, and this is by the insistence of governmental authorities and private entrepreneurs on an open market in blood, which means that any voluntary system must compete with a system that pays for blood. Here Titmuss summarizes the really terrible case of the Kansas City community blood bank. There was a commercial blood bank of no high standard and hospitals refused to accept replacement blood from this source. The commercial blood banks in Kansas City then complained to the Federal Trade Commission alleging restraint

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of trade. The case went on for many years, cost $500,000, and the FTC ruled scandalously that the hospitals and community blood bank were in restraint of trade. This ruling was finally set aside by a Federal Circuit Court of Appeals in 1969—fifteen years after the case began.

This story suggests many things—that Congress should have exempted blood from FTC jurisdiction (though Senator Edward V. Long tried to get Congress to do this for five years, he did not succeed), that something is wrong generally with the laws in restraint of trade, that the passion for profits will lead people into the most outrageous behavior, etc., but it is hard to see that personal or even professional freedom is jeopardized, which is what Professor Titmuss is arguing. Even if hospitals, under this outrageous judgment, were enjoined to prevent them from agreeing to get blood only from the Kansas City community blood bank, one assumes the freedom of the physician to specify the source of blood was not affected—indeed, alas, it is just this excess of freedom of the private practitioner that helps contribute to the enormous cost of medical care in the United States. Professor Titmuss has too good a case for him to try to enlist *every* virtue in his argument, and freedom—if it is to be kept to its clear meaning—should be kept out of it. I do not believe the British are "less free" because they live under a government monopoly in blood, or that we are "less free" because we do not.

Even if the issue of freedom does not enter into the comparison, the other issues are of the greatest importance: efficiency and effectiveness in the systems of collecting, processing and distributing blood and blood products, and, above this, the role of altruism in social policy and its fate in a market system. There is no question in my mind that the approaches taken in this country to the collection, processing and distribution of blood are disastrous—expensive, chaotic, unjust, wasteful, and contributing to the spread of disease and ill-health. There is also no question in my mind that the system in existence in England and Wales is admirable—inexpensive, well-organized, fair, economical, and conducive to the best possible health. No one can read this book and fail to be convinced of these conclusions. What remains unclear in my mind, even after this meticulously researched work, is *why* our system is so bad, and *why* theirs is so good. In other words, I remain unconvinced that the problem in this country is primarily the fact that blood can be sold and bought for money, and the reason why the situation is so admirable in the United Kingdom is that it cannot. Let me give some reasons why I am not fully convinced by the connections that Professor Titmuss draws between the success and failure of the two systems and altruism and commercialism.

ONE of the main defects in the American system is its wastefulness. Yet why should a system in which blood is costly—to the institution transfusing it, the private firm processing it, the person getting it—be wasteful of blood? Why should a system in which it is costless—much is given, and in use it is not a charge to the hospital or the

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patient—be one in which it is used economically? This is mystifying to me. (The total volume of blood used in the two countries is, by the way, about the same per capita.) I have read this book closely trying to understand our wastefulness. One reason given is that hospitals hoard blood—the shortages are such they are afraid they will not get it when they need it. But this is owing to the shortages, rather than to the commercial aspects of the system, and presumably to the relative independence of each hospital. Another reason is that a great deal has to be used for prophylactic purposes because so much of it is of poor quality. This is indeed owing to the commercial aspects, with its incentive to untruthfulness among many donors. Still, in this country, even if doctors order blood lavishly the patient knows he will pay for it. In England patients and doctors know "no one" is paying for it. Here the high value placed on it should encourage systems of careful monitoring of supplies, adjustment of supplies to needs, etc. For example, one reason that hospital stays in this country are so much shorter than in other countries is just *because* hospitals are so costly to patients—there is a strong incentive for doctor and patient to get the patient out. This makes sense. Why does it work so differently in the case of blood supplies?

There are other pieces of information in this book which lead one to wonder whether Professor Titmuss has not leaned too heavily on the single aspect of purchase and sale of blood to explain all our problems. Thus, half of the blood used in the USSR is bought. Far more is paid for it, as measured by an average worker's wage, than in this country. We do not know much about the system in the USSR, but it does not apparently lead to the bad effects we suffer from. In Sweden, *all* blood is paid for, though the price is nominal. Even though nominal—according to Professor Titmuss there is some concern with doing away with it—the price seems to play a role in keeping up supplies. And yet there seems to be no problem in getting the number of donors and donations to keep up with needs in Sweden, as we find in this country, nor does Professor Titmuss report they suffer from the same problems of wastefulness and the same danger of serum hepatitis. In Japan, where the system is similar to that in the United States, there is a very high danger of serum hepatitis, as there is in West Germany, where blood is also bought and sold. Let us add some other facts (all from the book) to complicate the matter. In Seattle, where there is a good system, the waste is down to about the English level. But blood is bought and sold in Seattle, too. What explains Seattle's success? There is another odd finding in the book: The Southern states have surplusses of blood, and export to other parts of the country. One would expect, if one were simply given this fact alone, that this was owing to black and white poverty and the exploitation of the poor—"blood redistribution," in Professor Titmuss's words. Yet in two of these states the proportion of blood donations paid for is quite low (Georgia and South Carolina, 8 per cent). Who gives, and why, in those states?

In other words, there seems to be no simple connection between paying for blood and problems in blood collections and distribution,

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and indeed the argument which attempts to trace all the severe problems we suffer from to this one source—important as it is for *some* problems—is not convincing. Thus, Professor Titmuss refers to the disastrous increase in malpractice suits, and the heavy charges for insurance which are consequently imposed on American doctors, and, of course, American patients.

> Commercial insurance cover against malpractice suits cost physicians approximately $75,000,000 in 1968 but of this sum awards to patients totalled only about $18,000,000. . . . In the early 1950's malpractice claims were numbered in hundreds. By the late 1960's they were being filed at the rate of 7,000-10,000 a year. In 1970 it was forecast on the basis of current trends that at least one physician in four could expect a claim to be filed against him before he retired from practice. . . . In Southern California, physicians in practice for five years faced in 1969 a 50-50 likelihood of being hit with a claim. . . . For policies effected in the middle ranges of coverage . . . a general surgeon in New York paid about $1165 a year, and for general practice . . . the premium was around $350. . . . In California the corresponding premiums were around $2130 and $1600. . . . The subscription rate for medical practitioners who have qualified in Britain to the Medical Defence Union and the Medical Protection Society has been £6 a year. . . . As members, they have complete indemnity against malpractice claims. . . . In 1967 . . . 264 cases of alleged professional negligence by medical practitioners were handled.

But what does this have to do with the buying and selling of blood? To some extent, one could argue that the dangers in practice occasioned by contaminated blood (in part owing to the commercial part of the system) increases the risk of malpractice suits, but this must be only a small part of the explanation. A larger part may be owing to the commercialization of medicine, the high fees of doctors and in particular surgeons, which leads to the resentment of patients and their readiness for litigation. Interestingly enough, when a much larger part of the system was purely commercial, with face-to-face charges and payments—when there was no Medicare and Medicaid and much less insurance coverage ten years back—the number of malpractice suits was much less.

I believe much may be charged against the American system, but when Professor Titmuss lays out the incredible facts on malpractice suits and attributes this to the market and commercialism one must pause and wonder how full an explanation this is. Undoubtedly trust between doctor and patient (if it is that that prevents malpractice suits) has been eroded. Why should it have been eroded while public health and insurance systems, inadequate as they are, grow? One might also point to the fact that it is not only in the area of medical care that litigiousness has grown. There is an explosion of lawsuits in every field, and in particular against institutions and figures who formerly possessed great authority. Teachers and universities, welfare agencies and welfare clients, public housing man-

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agers and officials, government officials and bodies at every level—all are subject to the growing explosion of lawsuits, much of it fueled by governmentally sponsored and supported legal agencies. Clearly all this has little to do with a growing commercialism—none of these targets of suits are profit-making agencies.

I would suggest that Professor Titmuss has proved enough of his case against the sale and purchase of blood. There are approaches to the amelioration of the situation we might take even before we successfully overhaul the American approach to health care—if we ever do—and even before we drive market considerations out of this area—if we ever do. Thus, we can declare illegal the sale and purchase of blood, just as New York State has recently declared illegal commercial abortion referral agencies. Blood would be collected voluntarily only by public, and publicly-licensed, non-profit institutions; there would be no charge for its use when properly qualified medical practitioners called for it; blood products could be manufactured only by non-profit institutions, and profit-making pharmaceutical companies would either have to get out of the business or set up licensed non-profit-making arms which distributed products at cost.

But even as I propose such a solution, I wonder how many of the problems Professor Titmuss has pointed to could be solved. One, I have no doubt, would be greatly helped—those who sell blood for profit, and conceal their diseases to do so, would do so no more. (Two reviewers of this book in the *Washington Post* point out that in a voluntary blood drive at the University of Maryland, students taking drugs concealed this in order to be *able* to give. This kind of untruthfulness for altruism, however, by its nature would be much less widespread than untruthfulness for profit.) But would the shortages be overcome? Would the actual costs of collection, processing, and use drop very much? Would malpractice suits decline? Would there be a black market in blood? Perhaps the processes that destroy altruism are irreversible. Once taught that blood can be bought and sold there may be no way of getting back to a system in which it is given freely. Once destroyed by the market, the bonds of community may no longer be restorable.

But perhaps the matter runs the other way. Perhaps it is *because* the bonds of community exist and are felt strongly that the kind of system that works so admirably in England is possible. Perhaps because all Englishmen form part of one community, perhaps because all suffered the terrible traumas of World War II in which they were molded into and acted as one community, they were able to create a system in which they give freely and sufficiently for each other.

What are those mysterious motivations that lead the English people to come forward in such numbers and with such regularity to give their blood freely for strangers, unpressured, unrewarded? I am convinced that *some* part of the explanation is to be found in the fact that there is one National Health Service, open to all on the same terms, making no distinction in health care between rich and poor, and because blood is costless to the consumer, freely given on the basis of need. Yet another part of the explanation, from hints in Pro-

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fessor Titmuss's study itself, must be found in the sense of community and obligation, and further in an acceptance of authority—the authority of doctors, government officials, experts, of those who are put above one to govern. And perhaps it is because those in authority are accepted that they govern so well—at least, from Professor Titmuss's account, and from others, when it comes to blood services and health services. Altruism, yes. But also community, and where one says community one says accepted authority. Perhaps it is from that end that we may discern why we do so badly and they do so well.

We should like to call the attention of our readers to the fact that two of our special issues are now available in book form. They are Confrontation: the Student Rebellion and the Universities (\$5.95) *and* Capitalism Today (\$6.95). *Both are published by Basic Books.*

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Does Planning Work?

AARON WILDAVSKY

THE individual versus the state; freedom versus dictatorship; private enterprise versus state control; price systems versus hierarchical command; rational economic choice versus irrational political interference. The debate over national economic planning in the past four decades has been conducted largely in terms of these dichotomies. The great questions were: Could state planning be reconciled with personal liberty? Was central planning through administrative command a better or worse mode of decision-making than utilization by planners of prices determined in economic markets? Would rational modes of economic thought, designed to increase national income in the long run, be able to overcome irrational political forces seeking to accumulate power in the short run? All these questions assume that national economic planning—as distinct from mere arbitrary political intervention—is a real possibility. Obviously, if planning itself did not work, there would be no reason to worry about the things it did not do or the effects it did not cause.

If national planning does not work, if it does not purposefully control major aspects of economic life, then it can neither crush nor liberate mankind (though it can, of course, create much mischief). If the goals of the plan do not move from the paper on which they are written to the society to which they are supposed to refer, there is no need for concern over whether effectual planning will enhance or detract from personal freedom. There is little point in asking whether the failure of planning is due to reliance on the price mechanism or on a command economy, unless one approach succeeds and the other does not. Suppose they both fail. Suppose no one knows how to make plans work? Is there a single example of successful national economic planning? The Soviet Union has had central planning and has experienced economic growth. But the growth has not been exceptional and has not been according to the plan. Is there a single country whose economic life, over a period of years, has been guided by an economic plan, so that the targets set out in the plan bear a modest resemblance to events as they actually occur? No doubt each reader will be tempted to furnish the one case he has heard about. The last two suggested to me were Ceylon and Pakistan. Yet the very fact (as anyone can verify by posing the same query) that it is so difficult to think of an example suggests that the

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record of planning has hardly been brilliant. For all we know, the few apparent successes (if there are any) constitute no more than random occurrences. Despite the absence of evidence on behalf of its positive accomplishments, planning has retained its status as a universal nostrum. Hardly a day goes by in some part of the world without a call for more planning as a solution to whatever problems ail the society in question. Doubts as to the efficacy of national economic planning are occasionally voiced, casually discussed, and rarely answered. Advocates of plans and planning, naturally enough, do not spend their time demonstrating that it has been successful. Rather they explain why planning is wonderful despite the fact that, as it happens, things have not worked out that way. Planning is defended not in terms of results but as a valuable process. It is not so much where you go that counts but how you did not get there. Thus planners talk about how much they learned while going through the exercise, how others benefited from the discipline of considering goals and resources, and how much more rational everyone feels at the end. When really pushed to show results, somewhere, some place, sometime, planning advocates are likely to cite the accomplishments of indicative planning on the French model as the modern success story of their trade.

THE French example is indeed a good test case because it puts the least possible demands on the planning enterprise. Where many national plans are comprehensive, in the sense that they endeavor to set targets for virtually all sectors of the economy, the French sought only to deal with the major ones. While planners in some countries have to set the entire range of prices, the modified market economy in France makes assumption of this burden unnecessary. France has not been afflicted by the rapid turnover of key personnel that has contributed to the discontinuities in planning elsewhere. France is rich in many ways besides money—information, personnel, communication—that should make it easier for her planners to guide future events. Where some plans hope to be authoritative, in that both government and private industry are required to follow the guidelines contained in them, the French plans have been indicative, that is, essentially voluntary. While efforts are made to reward those who cooperate, there are no sanctions for failure to comply. French plans indicate the directions wise and prudent men would take, if they were wise and prudent. If planning does not work in France, where conditions are so advantageous, it would be unlikely to do better in less favorable circumstances.

Stephen S. Cohen's *Modern Capitalist Planning: The French Experience* (Harvard University Press) is the best book on planning that has appeared in many years. Cohen provides a description of indicative planning in France that breathes with the stuff of life. He provides precise descriptions of how the first national plans were created, details the political and economic circumstances surrounding them, and compares their intentions with the actual outcomes for each period. He strips away the illusions surrounding indicative planning with commentary that is both fair and enlightening. If the

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book has a fault, it is that the author does not follow through completely on the implications of his devastating analysis.

Cohen defines indicative planning succinctly as a "benign cycle." Each sector of industry is given a series of mutually consistent demand projections, and appropriate facilitating actions are suggested. The more the firms in a given sector accept the information in the plan, the more each will make it come true to their common advantage. Indicative planning is meant to be a form of self-fulfilling prophecy. Indicative planning is not based on coercion. Positive incentives in the form of subsidies are offered to those firms that follow the guidelines in the plan, but there are no penalties for firms who deviate. Thus the members of each industry essentially plan their own future, with the government planners running the meetings and the Treasury making it pleasant for them to agree with one another. The influence of a plan may be determined, therefore, by the degree to which projects that would not have been undertaken without it are pushed forward and projects that would have been started are held back. There is, as Cohen says, no way of unraveling this knotty problem of causality. He goes on to observe that while small firms might be persuaded by their need for capital, the more important large ones are not likely to be in this position. They are continually engaged in making investments and "it is a relatively simple matter for such a firm to alter certain elements of an investment program (often very minor elements) so as to fit the entire project under one of the titles for which incentives are granted." Indicative planning in this sense is a way of providing public money to the largest firms for doing what they would have done anyway. When the financial incentives become routine "they lose their value as stimulants to change and become rewards for good behavior."

From Cohen's detailed account, one can draw up a score card of the first four plans. To what degree have their intentions for the economy been realized in practice? In regard to the Monnet plan, created in 1945-6, Cohen reports that it over-estimated the amounts of investment funds that would be forthcoming. By 1948 it was apparent that the targets of the plan were over-optimistic. The plan was unlikely to have contributed to the ending of inflation because the increase in consumer goods came from sectors rather removed from the plan's targets, because the plan was not designed to maximize the flow of consumer goods in a short period, and because the abundant harvest of 1948 was apparently due largely to a change in the weather. No doubt the achievements of planning are better appraised by reference to the second, third, and fourth plans during which indicative planning was in the ascendancy. During the period from 1952 through 1956, when the second and third plans were being constructed, government policy ignored or ran directly contrary to their recommendations. Cohen reports that in 1952, "Pinay's two principle programs—slashing state investment credits and shifting the form of savings—both ran counter to the plan which emphasized the importance of maintaining investment." The Mollet

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Government in 1956 "did not consider, nor pretend to consider, the implementation of the plan to be a major concern in the formulation of economic policy . . . . When the plan was worrying aloud about the declining ratio of directly productive investment to national product and about the growing volume of imports, the Government set out to further stimulate expansion through increasing consumer demand and increasing expenditures of public services and housing."

Although politicians and planners congratulated themselves on completing the second plan a year ahead of schedule, the third plan, finished in 1958, spoke of severe crises. "All of the aggregate balances which defined all the equilibrium growth pattern of the plan had been destroyed. Where the plan has assumed constant prices, they rose by over 12 per cent. Inflation gutted the plan." Cohen also concludes that "the principle objective of the fourth (beginning in 1962)—steady expansion within price stability—was not achieved." Resource allocations in the plan and in the nation had little relationship with one another. "While prices, incomes and imports were rising well beyond the planned rates, productive investment fell below the planned targets. The plan projected a 6.4 per cent annual increase in productive investment; the actual increase in productive investment during the four year life of the plan averaged 5.1 per cent."

Why did these plans fail? Cohen's major answer is that planning is a political process and the French planners control neither the public nor the private sectors. If anyone had the power to coerce private industry, it was the Ministry of Finance and not the planners. "For it is the Ministry of Finance that controls direct public investment. The Ministry of Finance—not the plan—issues orders to the public sector. And it is the Ministry of Finance which has authority and final responsibility over the financial incentives used to implement the plan. The Planning Commission does not control the incentives; the Ministry of Finance does."

Cohen is acutely aware of the traditional difference in perspectives between the Ministry of Finance and the planners. Finance is concerned with stability; planning with growth. Finance is preoccupied with excessive expenditure and inflation; planning is concerned with economic development. Finance has responsibility for protecting the interests of other ministries and for special relationships to industry that the planners tend to ignore. Finance has got to be concerned with immediate policy issues and planning does not.

The long run, Cohen finds, tends to be a succession of short and middle runs. While the planners control the long run, so to speak, they never get there. Cohen says that "lack of coordination between short-term policy and the middle-term programs of the plan is the most serious source of difficulty between the Treasury and the plan; it has been, without question, the most serious obstacle to successful implementation of the successive plans."

As he follows the fortunes of the various plans, Cohen comes to understand that implementation is a critical aspect. As life deals

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harshly with the aspirations of the planners, decisions are taken and events occur that preclude the possibility of realizing their original aspirations. The moment of truth comes when the plans have to be abandoned or revised. Cohen's comments on the fate of the housing program under the Monnet plan demonstrates how detailed investigation deepens one's understanding of the content of planning. He shows how

> the housing program provides some insight into the relation of the original planned targets to economic and political reality. The targets may well indicate what the planners would like to see, and also what they really expect to see. But if the plan must be modified during the course of its four year life, the original planning document is only an approximate guide to what the planners will fight to save, and even less indicative of what the Ministry of Finance will agree to. Thus, an analysis of the effects of the plan on the economy, which strictly limits itself to determining the percentage realization of the plan's original targets, is largely a futile and misleading exercise, irrelevant to the question of how French planning affects the economy. For the planners must always be ready to prepare a stripped-down version of the plan—when the Ministry of Finance begins a belt-tightening austerity program as a short-run response to an inflationary situation. The pruned version of the first plan abandoned non-essentials, that is, everything not directly related to the development and reform of the nation's basic industrial plant. It abandoned the housing program. It abandoned efforts to influence the short-term economic situation and concentrated on promoting the long-term modernization and development of the basic industrial plant, underneath short-term ups and downs.

Cohen is untiring in his devotion to the idea that planning is a political process. He shows how translation of planning ideas into practice requires political commitments extending over periods of years. The fact that planning so often runs into difficulty he attributes to the insistence of traditional political forces on making day-to-day decisions. If they cannot realize their aspirations within the plan, they ignore, circumvent, or rip it apart. What then is responsible for the popularity of French planning? Why does French planning, despite numerous failures, appear to be a thriving institution? The explanation Cohen offers is of a concurrent change of attitude on the part of higher civil servants (including the Treasury) and big business toward an ideology of national economic growth. They believe in continued expansion of GNP without being much concerned with its distribution. They believe in efficiency tied to increase in the scale of industry and high productivity to ensure competitiveness in international markets. When business men, finance officials, and the planners sit down to negotiate the contents of a plan they do so from a unified perspective in which each believes its interests are similar. If they are not revolutionaries, they see themselves as modernists pushing away the remnants of an obsolete economic system that is supported by out-of-date politics.

Yet the fact remains that the plans do not work. They do not

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shape the world in accord with the desires of the planners. At this point Cohen becomes ambivalent. He shows that planning fails but he resists saying so explicitly. His concluding section may contain a clue, because it deals with problems of democratic planning. Plans need not, after all, be solely concerned with economic growth or conform to an essentially conservative world view. They could, he believes, provide an instrument for democratic choice of clearly stated alternatives with their implications worked out in advance. Big business, he believes, would oppose increases in popular participation and government administration of the economy that other kinds of plans would provide. The "powers-that-be find themselves interested in planning for development but not in sharing power, hence their refusal to consider seriously radical changes in the political process to control the planning mechanisms." Cohen concludes his splendid book by saying that the basic issue "is the extent to which critical centers of economic power are controlled by the people." He believes that "planning began in France with the goals of the technocrats, the civil servants and businessmen who sought to rationalize, modernize and expand the French economy. It must now mature with the goals of the democratic Left; to make planning an instrument to aid the nation, acting through its democratic institutions, to determine the direction of its own development. The first goals have been realized; the second, postponed."

Let us reject, as Cohen does, totalitarian solutions. Does the French experience lead anyone to believe that national planning, as envisioned by "the democratic Left," is feasible? Cohen demonstrates that the planners have managed to survive by limiting themselves to a narrow range of goals and by refusing to challenge the major governmental authorities and business interests. Yet even within this context they do not in fact achieve what they set out to do. France has grown economically, but not in the way or at the rate specified in its plans. Does anyone believe (can anyone show?) that France would have grown less or differently without its national plans? Cohen brushes aside the suggestion that lack of knowledge in an uncertain world is responsible for the planners' difficulty. That would call into question the idea of democratic planning as well as any other kind. His position suggests that if there were a democratic majority agreed on its goals, if their purposes could be maintained over a period of years, if they had the knowledge and power necessary to make the world behave as they wish, if they could control the future, then central planning would work. If . . . . !

What Cohen's book actually shows is that limited economic planning in a major industrial country possessing considerable financial resources and talent simply did not work. What hope would there be for developing nations whose accumulated wealth is definitely less, whose reservoir of human talent is so much smaller, whose information base is so much less reliable, whose whole life is surrounded by uncertainties of a far greater magnitude? Why should planning help secure radical change in Africa or Asia when it fails to secure more limited changes in France?

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ANYONE can engage in the process of planning. Most of us engage in goal-directed behavior. We act in the present to secure desirable states of affairs in the future. In that sense virtually all processes of decision can be considered forms of planning. But when we talk about economic planning, we usually mean something more than that. We mean controlling the decisions of many people, with different interests and purposes, so as to secure a premeditated effect. In short, the trick is to succeed in controlling the future—all our futures—to some extent.

Planning may be seen as the ability to control the future consequences of present actions. The more consequences one controls, the more one has succeeded in planning. Planning is a form of causality. Its purpose is to make the future different from what it would have been without this intervention. Planning therefore necessitates a causal theory connecting the planned actions with the desired future results. Planning also requires the ability to act on this theory; it requires power. To change the future, one must be able to get people to act differently than they otherwise would. The requirements of successful planning from causal theory to political power, grow more onerous as its scope increases and the demands for simultaneous action multiply at a geometric rate.

Modern Capitalist Planning, as its title implies, deals with attempts to plan in the context of a market economy where prices provide an approximation of the value placed by people on goods and services. The book does not deal with planning in the absence of prices, where resources have to be allocated by administrative mechanisms. Incomparably the finest essay I have ever read on planning by administrative decision is Ely Devons' "The Problem of Coordination in Aircraft Production." Less technical than his seminal work on *Planning in Practice,* (Cambridge University Press, 1950), it conveys an overpowering sense of the actual complexities and convolutions of decision-making in the aircraft industry in Great Britain during World War II. No other paper I know contains so many insights. Let us take just three examples out of the many that could be offered.

1) Suppose one wished to know why administrative planning resulted in production of many more spare parts that were in fact used. Devons offers the following explanation:

> The power of the central directorate was naturally open to abuse. To retain this power, the directorate had to ensure that experience demonstrated that it gave the right advice. To achieve this, it had to be certain that if the plans which it laid down for component production were fulfilled, no aircraft would be held up for lack of components. It was always tempted, therefore, to over-insure against all possible risks, for there was no special motive driving it to keep these insurances to a minimum. True, over-insurance would lead to surplus and waste of components, but such waste was never very obvious—on the contrary, many officials regarded the presence of large stocks of components as evidence of good planning—while the existence of a single aircraft without some neces-

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sary component was always sufficient to excite heated argument and discussion.

2) Suppose one wanted to know why planning officials frequently failed to act on matters where they believed they were right. Devons reports that "for the machinery to work smoothly, it was necessary that only a small number of major issues of dispute should be put to the Chief Executive, and that all others should be solved without asking for his intervention. Even when it was generally recognized that the planning directorate had the support of the Chief Executive and that he would adopt their advice if the issues were put up to him—and that was not always the case—the resolution of these conflicts absorbed an enormous amount of time and energy. On many occasions, in order to secure the issue of a program, the planning directorate had to adopt the views of the production directorates or the Service departments, even though they felt these were grossly mistaken."

3) Why do planners insist on absolving themselves from the operating responsibility even though it would appear easier for them to get their way if they had the formal authority? Devons explains:

> Yet another paradox in the successful operation of the co-ordinating directorate was although it had to have substantial power and be certain that its advice would normally be taken, yet it had to be absolved from responsibility. For technically it was merely advising the Chief Executive on program matters. Since its function was essentially co-ordinating, it was dealing all the time with matters which were the prime responsibility of other directorates or departments. . . .
>
> If it had taken over complete responsibility for ensuring that the program really represented the production which the firms were capable of achieving, this would have had unfortunate consequences. First, it would have weakened the sense of authority of the production directorates. They would have felt aggrieved because their functions were being usurped, and would also have disclaimed responsibility for the estimates of the central directorate and might, therefore, have refused to be bound by the official program. It was essential, therefore, that it should appear that the final estimate was theirs, even if the central directorate found it necessary to interfere and criticize. Second, if the Central directorate had attempted to assume the major responsibility for assessing productive capacity, it would have found it necessary to argue with the firms concerned. This would have been disastrous, for the central directorate would then have found itself dragged into dealing with the firms on detailed production issues. The discussion and solution of these would have taken so much time that the staff would have had to be enlarged or the more proper tasks of co-ordination would have broken down. This is just one more example of the general problem of co-ordination, that of finding the best balance between appreciating in detail the various aspects of one or two of the variable factors in the problem under consideration and that of assessing the significance of a large number of factors concerned but only in general terms. The co-ordinator had to be perpetually on his guard against succumbing to the temptation of be-

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coming a specialist on one particular section, for this could be achieved only at the cost of his ignoring all other issues and so failing to fulfill his essential function as a co-ordinator.

THE occasion for reprinting this superb essay is provided by the fortunate appearance of Devons' papers on *Planning and Economic Management* (Manchester University Press), edited manifestly as a labor of love by Sir Alec Cairncross. Somehow, in a personal memoir in the introduction, Cairncross manages to combine evident affection, critical acumen and literary grace. The result provides an opportunity to appraise Devons' contribution to the study of public policy.

Cairncross concludes his memoir by noting that Devons "expressed in his later years a feeling that he had not found himself, that the larger purpose of which he was in quest had eluded him. . . ." The fact that Devons' contribution was insufficiently appreciated in his life was not as serious as his belief that he had somehow failed. Why was this so?

Devons was out of joint with his time. He was an economist with scant respect for formal economic theory. In the days when the tide of econometrics was at full flood, he insisted on the limitations of economic theory *vis à vis* policy problems and in the care that had to be taken to avoid premature and misleading quantification. Had Devons been alive today, his writing would receive far more respectful attention because we are more conscious of living with analytical sins.

The ability to name what he is doing may be a crucial element in the reception accorded to a man's ideas. Devons was one of those men who never seemed to find the proper descriptive tag that would advertise to others the field in which he worked. Had the vogue for "policy analysis," been manifest in an earlier day, Devons might have known that he was a student of public policy. Had there been a demand to provide institutional embodiment for these concerns, he would have been a Professor of Public Policy rather than strangely occupying a chair of international finance. Devons was always insisting that economic analysis, such as it was, had to be complemented with an understanding of political relationships and organizational imperatives. But he did not know what to call this subject. Perhaps he even began to believe the strictures of those who said that he was continually criticizing the effort of others, without making a contribution of his own.

In the pages of his latest essays, Devons manfully struggles to discover organization theory. The major principles of the literature are all there. He conceives business organizations as political coalitions with multiple and conflicting objectives. He is deeply concerned with the pervasive consequences for organizational efforts of the limits of the human mind. The pathology of organizations he ascribed to efforts to mitigate the desperate uncertainty of a capricious world. What organizational theorists now call incrementalism, mutual partisan adjustment, bargaining as a mode of co-ordination,

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extensive reliance on simple rules for decision—these ideas are all there.

If Devons had a fault it lay largely in lack of appreciation for his own abilities. The papers on "Co-ordination in Aircraft Production" and "Serving as a Jury Man" reveal an extraordinary talent for creating general theory out of personal experience. Had he known how valuable it was he would undoubtedly have sought to nourish, extend, and develop his insights. Had he lived to understand the significance of his own contribution, had he worked to develop it, Devons would today be recognized as a theorist of major importance. That task, since his untimely death in December, 1967, must rest with others.

ONE of Devons' most useful qualities (though it did not add to his popularity) was his objection to the pretension that accompanied much analysis of public policy. More was said to be known than anyone knew. More was proved than was susceptible of proof. When it came to coordination (or planning), advocates often spoke as if invocation of the word itself was sufficient to overcome the multiple and unresolved conflicts it embodied.

Devons was acutely aware that planning is a social process. Control of the future in significant ways requires the mobilization of knowledge, power, and resources throughout a society. It does no good to propose measures that require non-existent information, missing resources, and unobtainable agreement. The planner cannot create, at the moment he needs them, the things his society does not possess. He can, however, assume them to be true in the artificial world he creates in the plan. But planning is not a policy. It is presumably a way of creating policies and relating them to one another over time so as to achieve desired objectives. The immensity of the presumption involved, the incredible demands it makes not merely on the financial but on the intellectual resources of societal organization, to which Devons was so sensitive, explain the most important thing about national planning—it does not work because no large and complex society can figure out what simple and unambiguous things it wants to do, or in what clear order of priority or how to get them done. Van Veen, Nabokov's mime of time, gets the last word:

> What we do at best (at worst we perform trivial tricks) when postulating the future, is to expand enormously the specious present causing it to permeate any amount of time with all manner of information, anticipation and precognition. At best, the 'future' is the idea of a hypothetical present based on our experience of succession, on our faith in logic and habit. Actually, of course, our hopes can no more bring it into existence than our regrets change the past. The latter has at least the taste, the tinge, the tang, of our individual being. But the future remains aloof from our fancies and feelings. At every moment it is an infinity of branching possibilities.

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CURRENT READING

Black and White and Drugs

The movement to "liberalize" our drug laws is beginning to encounter a new and unforeseen obstacle—black public opinion, which is hardening against any "permissiveness" with regard to drugs, including marijuana. Three recent incidents, largely unnoticed, provide evidence of this development:

1. A committee on drugs of the recent White House Conference on Youth, largely dominated by young "activists" from middle-class families, passed a resolution calling for the legalization of marijuana. There were two dissenting votes—one black, one Mexican.

2. A bill in the New York State legislature proposing the legalization of marijuana was opposed by *all* black legislators. The bill was defeated.

3. A recent proposal in New York City to permit an experimental program whereby some heroin addicts will be "maintained" on the drug, under medical supervision, has been bitterly denounced by all of New York's black politicians and community leaders. This violent reaction, which bewildered the liberal sponsors of the proposal, almost certainly means that the program will be stillborn.

It is becoming clear that efforts to "liberalize" our drug laws will be seen by black Americans as "neo-colonialist" in effect if not in intent—as representing a callous acceptance by white society of the immense havoc that drugs wreak among black and Spanish-speaking Americans. So the debate over such "liberalization," hitherto pretty much restricted to white doctors, psychiatrists, social workers, etc., has suddenly assumed a new political dimension.

Mythical numbers (cont.)

Harlem, officially one of New York City's four "poverty areas," is unquestionably a neighborhood of the poor and the very poor. According to a study reported in the April 27, 1971 issue of *The New York Times*, however, it must be the richest area in the nation. How is this possible? Well, consider the evidence from the *Times:*

> A sharp increase in crimes in central Harlem during 1970—attributed primarily to a rise in narcotics addiction—raised the cost of crime to

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more than $2 billion for residents and property owners there, a study by the Small Business Chamber of Commerce disclosed yesterday. . . .

The $2 billion figure includes the costs of crimes against persons and property, gambling, narcotics and loan-sharking. Thefts to support the narcotic habit were calculated at $1.8 billion. Property loss, not linked to narcotics, was estimated at $92 million. Crimes against persons—such as muggings and holdups—were estimated to have totaled $12 million, including hospital costs, loss of income, etc. . . .

Conclusions were based on interviews with 100 businessmen representing a cross section, along with data from . . . national reports. . . . The [co-author] said that by updating the data and interpolating two variables—price index and population—and by using the comparative crime rates, the Chamber had been able to come up with "pretty accurate figures" on the cost of crime in central Harlem.

Now the population of central Harlem is well under 200,000, and the total number of business establishments less than 1,000. If losses due to crime are shared equally by individuals and businessmen, it follows that, if Harlem's total loss from crime is $2 billion, then each resident of Harlem is losing at least $5,000 per year, and each business establishment an average of $1 million a year. Assuming a family of four members, it turns out that average family income in Harlem is at least $20,000 a year—because that is the amount each family loses as a result of crime. And the wealth of all those businessmen who sustain yearly losses of $1 million must be astronomical.

Only two conclusions seem possible. Either Harlem is the wealthiest community in America—or else the $2 billion figure is among the more grandiose of the "mythical numbers" that infest public discussion these days.

Who Owns New York? And Why?

The June 1st issue of *Forbes* has an eye-opening report on the ownership of Manhattan's real estate. The report explodes a great many myths that have long shrouded this subject. Some of these myths, and their contrasting realities, are:

- Like an octopus gone mad, the Roman Catholic Church holds more than $1 billion of Manhattan real estate—enough to make it one of the island's top three owners. (The truth is, the Church is a bumbling landlord that never owned *half* that much. And probably never will. In fact, it wishes it could sell a fourth of what it's stuck with.)
- The English Crown and the Queen of the Netherlands own huge parcels here. (Nonsense.)
- Wealthy families, like the Astors, have vast inherited holdings. (Not any more. On balance, the landed gentry have sold out, and are now playing the securities market.)
- New York City's tax-exempt property, which equals one-third of its total real estate, is owned for the most part by churches, colleges and private clubs. (One-third *is* exempt. But most of that—a full 82 per

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cent, worth $25 billion—is owned by government itself, such as the City, its Housing Authority, and the Port of New York Authority. Also, churches and colleges usually pay full real estate taxes on any commercial offices and apartments they own, which is more than the Port Authority can say about the world's tallest office buildings it is putting up near Wall Street.)

- And the biggest myth of all: If you own a chunk of Manhattan, where raw land sells for up to $500 a square *foot*, you have it made. (It's not that simple. Two of the largest owners—the City and Penn Central—are flat broke, and the Catholic Church is in bad shape too.)

Forbes then goes on to explain *why* it is possible to own valuable real estate in Manhattan and still be in bad economic shape:

Imagine for a moment that a rich uncle has just left you an entire midtown Manhattan block, five minutes from Times Square. Let's say it's the block between 49th and 50th streets on Eighth Avenue. That's 160,000 square feet, worth roughly $15 million. Are you rich?

No. You are probably hurting bad.

At best, you would be in the same type of fix as the Madison Square Garden Corp., the actual owner of this parcel where the Garden's old sports arena once stood. For four years, the Garden has failed to induce anyone to either acquire or develop the vacant site. Why? The land seems too expensive for apartments, and the neighborhood is too run-down for offices. Once developed, of course, the land may become a bonanza. But where is the development money? Until it is forthcoming, the Garden must shell out more than $1 million a year to cover existing mortgages and taxes.

Now run your finger down the list of Manhattan's biggest owners. Gone are the family names synonymous with real estate riches. The Astors, Kennedys, and others have long since weighed the risks of owning costly urban real estate and have disposed of huge chunks.

In part, their places in the ownership sweepstakes have been taken by savvy financial institutions, builders and real estate operators. But also in part by such financially strapped giants as the utilities, Columbia University, the Catholic Church and the City, who are forced by circumstances to own more of Manhattan than they really want.

Those *un*wealthy giants own land and buildings worth billions, all right. But like the Garden's block, their properties carry high prices (and tax assessments) based largely on their *potential*. In the fix the City is in today, that potential is illusory at best. Meanwhile, the properties yield little or no rental income.

So what good are they? Con Ed (No. Three in Manhattan ownership) owns acres of land earmarked for utility facilities; Columbia (No. Eleven in ownership) owns thousands of low-rent apartments for its students and faculty; the Catholic Church (No. Nineteen) owns St. Patrick's Cathedral, which costs $2,000 a day to maintain, plus expensive schools, convents and half-deserted churches; and the City owns beautiful but burdensome Central Park and thousands of ghetto dwellings that owners and tenants have abandoned.

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A few private developers (Uris, Helmsley, Wien, Tishman) do seem to be able to make money out of Manhattan real estate. But they are the exceptions rather than the rule. The point of the *Forbes* study is that, if you had it in mind to buy a chunk of Manhattan, you would be well advised to give the matter some second thoughts.

The Poor and Taxes

From two Letters to the Editor, *Business Week*, May 22, 1971:

> You quote a Census Bureau study purporting to show that "families and individuals with incomes of less than $2,000 a year paid 50 per cent in taxes in 1968." In view of the inherent improbability of this number I want to ask for clarification. . . .
>
> A. H. Samuel
> Palo Alto, Calif.

> The tax rates for families and individuals in each money income group were computed as a per cent of their "total income," which is equal to their total claims on the real output of the nation before any redistribution from taxes paid or government transfer payments received. For example, the under $2,000 money income group had about $6.2 billion in total income, paid $3.1 billion in taxes, and received $6.2 billion in transfer payments from the government. . . . This group as a whole, therefore, actually received a subsidy of 56 per cent of their total income. For the lower income groups, the rate of receipt of transfer payments is very important. . . .
>
> Roger Herriot
> Bureau of the Census
> Washington, D.C.

Starting from the Post

It used to be that the great literary modifier was the word *beyond:* beyond tragedy, beyond culture, beyond society, beyond capitalism; these were the titles of books which appeared when philosophical or literary thinkers sought to chart the future.

For whatever it may signify as a cultural or sociological phenomenon, it seems that the new modifier has become the word *post*. At latest count, no less than 19 usages have been employed in the last decade to describe the interregnum into which, seemingly, we have now moved. The terms and the corresponding authors are as follows:

post-bourgeois	George Lichtheim
post-capitalist	Rolf Dahrendorf
post-Christian	A dozen theological writers
post-civilized	Kenneth Boulding
post-economic	Herman Kahn
post-historic	Roderick Seidenberg
post-industrial	Daniel Bell
post-liberal	Sir Geoffrey Vickers

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post-literature	Marshall McLuhan and tribe
post-market society	Tom Burns
post-modern	Amitai Etzioni
post-organization	A dozen sociologists
post-protestant	A dozen sociologists and a dozen theologians
post-puritan	A dozen sociologists
post-scarcity society	A dozen New Left writers
post-traditional	A. N. Eisenstadt
post-tribal	Eric Hobsbawm
post-welfare	Gideon Sjoberg

Some writers have been more positive. Zbigniew Brzezinski talks of a "technocratic age;" Bertram Gross writes of a "mobiletic" revolution; while popularizer Alvin Toffler, after hovering over "transindustrial" and "posteconomic," settles on the term "super-industrial society." It is intended to mean, he writes, "a complex, fast-paced society dependent upon extremely advanced technology and a post-materialist [score nineteen!] value system."

With Toffler's version, it would seem that all possible permutations and combinations of the locution have been exhausted, and that the rest of the sociological community has been left at the post.

The Non-Radicalization of Kent State

As it has been described and used by militant protestors, the tactic of confrontation is supposed to lead to a "radicalization" of sympathetic non-participants and of disinterested onlookers. Thus, when police were used to clear buildings of demonstrators at Berkeley in 1964, at Columbia in 1968, or at any of a hundred other places, the result was (1) a mobilization of large numbers of previously uninvolved people in protests, boycotts, or whatever, and (2) an evident leftward movement of student opinion concerning the university, the police, larger social issues, etc.

One might have thought, then, that the killing of four students at Kent State University in May 1970 would have produced a "radicalization" of monumental proportions on the Kent State campus. Yet that is not what happened. According to a fascinating paper delivered to the American Educational Research Association by W. Robert Kennedy, a graduate student in sociology at Kent State, the May 4th shootings did not radicalize KSU students; rather, they produced what can only be described as a "non-radicalization" of the Kent State community.

Kennedy's survey, administered in April and again in June to comparable samples of students, was designed to test attitudes toward six subjects: Kent State University as a whole, the students as a group, the faculty as a group, the ideal teacher, the ideal self, and the actual self. The results were that, before May 4, students considered the university and its faculty impersonal, non-scholarly, stable, and traditional, whereas they saw themselves, their ideal selves, and the ideal teacher to be more personal and congenial, more academic or scholarly,

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more mature, and less traditional and more "contemporary" in their attitudes and style of life.

But after the shootings, there were significant changes. The students regarded the university, the faculty, and themselves as less stable or mature than previously. They also considered the university and faculty to be *more* personal, desirable, and congenial than formerly. And perhaps most interesting of all, their responses concerning ideal teacher and ideal self revealed a marked *decrease* in the students' respect for "contemporary" attitudes and styles (defined in the study as "uninhibited," "individualistic," "bold," and "esthetic") and a noticeable increase in their respect for "traditional" attitudes and style of life (as defined by such words as "traditional," "moral," "sober," and "collegiate").

What accounts for this atypical pattern of attitude changes? Kennedy's conclusion suggests that where the college administration calls in the police, "radicalization" is natural. But where an outside political authority—the governor in this case—brings force to bear, students tend to identify with their institution, which they then see as threatened:

> Immediately before the tragic shootings of May 4, the University had been caught unprepared for the rioting and damage done to the Kent community. The general administrative reaction was minimal. Subsequently, with the charges made by the Governor and his dispensing of National Guardsmen to the campus, turmoil prevailed, and everyone within the University felt detached and without a voice in the proceedings. The events of Sunday night, the shootings on May 4, and the unexpected shutdown which resulted, all tended to put the university in a seemingly powerless position without direction and, to a degree, identity. . . .
>
> With this attack from outside the university, a natural 'turning-inward' occurred. All segments of the university became closely allied in the fight to 'KEEP KENT OPEN'; therefore, it was predictable that the students would view the university, the faculty, and themselves as more friendly and personable. [This] reflected a new and real change from the past. In addition, the decline in [the] importance [attributed to] contemporary attitudes and values . . . was also a natural outgrowth of events. Here, with the attempt to literally survive as a university in a hostile community, it would be expected that the contemporary view or life-style would be de-emphasized to increase . . . intra-academic-community communication. All parties, faculty members, staff, and students alike, worked to know one another better and in so doing the loss of previous values occurred. Faculty members became more personable and students became less radical than they had been previously. . . .

Right-thinking Men in a Sinistral World

The Nobel-prize winning experiments that have overturned the principle of "parity" in nature, and the discovery that nature is biased in a left-handed direction, are having their repercussions in the non-

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scientific world. In *The New Society* for 22 April, 1971 Donald MacRae has some interesting observations on "left" and "right."

> When people think about time, they can readily be persuaded that their thoughts, attitudes and reactions contain a large subjective component —an element in part personal, in part social and in part generally human. About space, the ordinary space of domestic and working life, of landscape, of travel, they are harder to convince. The ordinary three-dimensional ordering, in terms of up/down, wide/long/thick, over/under, upon/beneath, seems an absolute. . . . But with regard to one spatial distinction people seem to be not just ready, but rather keen to accept an essential subjectivity. I refer to the distinction of left/right.
>
> The very idea of "right" is loaded with associations of a social kind and with the appraisals of value. Right is not just something odd about space, it is correct, good, just, straight (literally and metaphorically), strengthening (if one is in the right). If one is French, *droit* is also law, natural and human. In German *Recht* is, again, law and justice. And so on, and not only in the Indo-European languages.
>
> "Left," to the contrary, is vaguer and less specific, as the French sociologist Robert Hertz pointed out long ago in a brilliant youthful essay. (But all of Hertz is youthful: he was killed in 1915.) His *La Prééminence de la main droite* also makes it clear that if the left is uncertain it is, literally in Latin, sinister, feminine, dishonourable. A left-handed compliment is a pleasure to give, not receive. A seat on the left of one's host (or on God's left hand) is lower in status than one on the right. To go in a circle widdershins is evil magic; and such movement means going left, for the movement clockwise is movement, from the spectator's viewpoint, to the right. Left-handed dealing is oblique, circuitous, furtive and deceitful. The political left—even if the metaphor is not yet 200 years old—is rebellious, against authority, of the devil's party, and thus, even if as proudly defiant as Milton's Satan, doomed to defeat. (I have never met a Tory MP who thought that the real duty of his party was to oppose, but I have heard this stated by Labour MPs, even when in office, for more than 20 years.) Sinistrals feel themselves not merely discriminated against in a world of right-handed scissors, golf clubs and control systems and instruments, but also to be despised. Perhaps they are correct.
>
> Left and right seem subjective because one controls these ascriptions in many circumstances. As I write these words, there is a piano on my right. If I turn round, it will be on my left. And so on. (One says on *my* right; one cannot say "on my up" or "on my down.")
>
> Yet it is not all subjective, of course. A right glove will not fit a left hand unless it is pulled inside out. A shoe is altogether irreversible. The golf clubs or scissors I mentioned would be geometrically identical whether they were left- or right-handed, but their handedness is a fact. . . .
>
> If left and right are natural symbols, and Robert Hertz was correct in his account of them, then there is added piquancy in the odd fact that God (or Nature) appears to be left-handed.
>
> I do not understand the physics of it. But my friends who are physi-

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cists are clear about it. On the evidence we have now, although left and right are not so far ultimately definable, yet the universe at its deepest levels—where the particle physicists work—is left-handed in its preferences. God is sinistral. What that does for our natural symbolism, I dare not think.

Labour: The Next Time.

If the British Labour Party has a theoretician—the word *ideologue* would be alien to its temperament, and even theoretician is strange; program formulator, clumsy as it is, might be the more suitable phrase—it is C.A.R. Crosland. A protégé of the late Hugh Gaitskell, Crosland wrote *The Future of Socialism* and *The Conservative Enemy* which shaped British Labour's thinking for the 1960's; its themes were more equality and more growth. In the Wilson government, Crosland served as President of the Board of Trade (exports), as Minister of Education, and finally as the head of a supra-cabinet post to deal with regional planning and the environment.

In the five years in office, there was little economic growth, and not much more equality (though there was a step towards introducing "comprehensive" schools as a way of breaking the traditional British elitism in education). So what can the British Labour Party do when (if) it returns to office next time?

In a new Fabian pamphlet, *A Social Democratic Britain,* Crosland proposes a new program: greater equality, and more economic growth. His pamphlet seeks to answer the question why the two goals were not achieved last time, and why the goals are still valid—especially when some new, loud voices (*pace* J. K. Galbraith), are now attacking the idea of growth. Crosland writes, in part:

> More and more people are arguing that growth has too high a priority already, and are warning us of its costs in terms of pollution and threats to the environment. . . . Anti-growth economists on both Right and Left like Professors Mishan and Galbraith are amongst the most revered pundits of the day. . . .
>
> I start with the question of growth, and a confession of personal error. Looking back, I was too complacent about growth in *The Future of Socialism* (though I had learned my error by the time I wrote *The Conservative Enemy*). I accepted the then official projections which forecast a nearly stationary population; hence, like others at the time, I did not foresee the huge demands on our resources for housing, education and health which a rising population brings in its train. And I did not anticipate that successive governments would be so eccentric as to use periodic bouts of deflation—that is, deliberate *reductions* in growth —as almost their only means of regulating the economy.
>
> In any event, our record of economic growth has been lamentable. The facts are dreary and familiar. Over the years we have grown at only half the rate of most other advanced industrial countries. We have been successively overtaken in average living standards by Sweden, Australia, Canada, Germany, France, Switzerland, New Zealand, Denmark, Nor-

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way, Holland and Belgium. By 1980, on present trends, we shall have been overtaken by Japan (spectacularly) and Finland, and possibly by Austria and Italy.

And our performance is not improving. Our annual growth-rate over the last 5 years of 2.2 per cent was lower than in the previous decade (an almost sufficient explanation of Labour's defeat last June). We shall be lucky if we achieve 2 per cent in 1970.

This wretched showing, for which all of us who were in Government must share responsibility, exacts a calamitous cost in terms of welfare (both public and private). . . . The transfer of resources which we want inevitably requires high taxation and public expenditure. But the popular mood is one of intense resentment of high taxation and of certain forms of public spending such as family allowances and supplementary benefits. This mood unquestionably inhibited the Labour Government from doing many of the things it wished.

Their approach is hostile to growth in principle and indifferent to the needs of ordinary people. It has a manifest class bias, and reflects a set of middle and upper class value judgments. Its champions are often kindly and dedicated people. But they are affluent and fundamentally, though of course not consciously, they want to kick the ladder down behind them. They are highly selective in their concern, being militant mainly about threats to rural peace and wildlife and well loved beauty spots.

Being ignorant of the . . . plight of ordinary people, they cannot see that there is even a conflict of interest over a reservoir on Dartmoor, potash mining in Yorkshire, or the acquisition of rural land for overspill housing. . . .

At the extreme the approach becomes comical, as when Mishan proposes towns where only horses and horse-drawn vehicles would be admitted, and a ban on all international air travel. No doubt such hairshirt solutions would be good for our health; they obviously appeal to lean and fit professors. But it is easy to see what the result would be. To quote Mishan, "with more leisurely travel restored, one could confidently expect an enormous reduction in the demand for foreign travel." Yes, indeed. The rich would proceed in leisurely fashion across Europe to the Mediterranean beauty spots where they would park their Rolls Royces and take to a boat or horse drawn vehicle. As for my constituents, who have only a fortnight's holiday, let them eat cake and go back to Blackpool. . . .

My working class constituents have their own version of the environment, which is equally valid and which calls for economic growth. They want lower housing densities and better schools and hospitals. They want washing machines and refrigerators to relieve domestic drudgery. They want cars, and the freedom they give on weekends and holidays. And they want package tour holidays to Majorca, even if this means more noise of night flights and eating fish and chips on previously secluded beaches—why should they too not enjoy the sun? And they want these things not (as Galbraith implies) because their minds have been brain-washed and their tastes contrived by advertising, but because the things are desirable in themselves. It is reasonable to argue

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that these consumer pleasures should take second place to more urgent social claims; it is neither reasonable nor attractive to treat them with lofty condescension and disdain. As I wrote many years ago, those enjoying an above average standard of living should be chary of admonishing those less fortunate on the perils of material riches.

We must treat any argument based on the environment with instinctive sympathy and deadly seriousness. . . . And there are very real costs to economic growth. Higher production means more pollution of every kind—more smoke, noise, pesticides, effluent, garbage. Higher living standards, and particularly the demand for more space and more mobility, must mean more encroachment on the countryside. Urban clearance will threaten historic buildings; urban roads will ruin existing houses; redevelopment will destroy traditional patterns of living. And these are not costs simply in terms of aristocratic amenity. Working class people are becoming more and more concerned, from the inhabitants of Acklam Road to the millions of anglers. . . .

Our task is to ensure that growth really does lead to an increase in welfare, remembering that welfare consists not only of the quantity of goods and services which we produce, but also of the quality of the environment. It can be done. . . . It will require high public expenditure, more rigorous and imaginative planning, and an inflexible determination to impose on both industry and consumer the full costs of the pollution which they create. It will, in other words, involve (as do all our objectives) an allocation of resources which is not determined by market forces but reflects our social priorities. But none of this is an argument against the growth which we desperately need to fulfill *all* our objectives; it is an argument for discriminating growth. . . .

Such a program, however, requires more controls over a citizenry, and Crosland does not flinch from this fact:

We shall need more, not less, control over industry as firms become larger, more complex and more international—in the interests of regional equality, environmental planning, anti-pollution and consumer protection.

As population and living standards rise, we shall need more, not less, control over land use—firmer local authority structure plans to shape the changing urban environment, ambitious regional plans like the South-East study to deal with the problem of the conurbations, and new and imaginative plans to control and relieve the pressures on the countryside. The more we care about the environment, the more government action we shall need; for, as Samuel Lubell once remarked, only God can create a tree, but only Government can create a park. . . .

And we shall need more social control over individuals—over where they can take their cars or build their houses or dispose of their garbage and litter.

How then does one achieve growth? One problem is the restrictive policies of the trade unions.

. . . the case for growth remains unshaken—not growth at any cost, but certainly growth much faster than the 2 per cent of recent years.

How can a future Labour Government achieve this?

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Our low growth rate has two causes. First, British productivity rises more slowly than that of other countries, so that even if we grew to our full productive potential (say 3½ per cent per annum) we should still be a slow-growing nation by European standards. There are endless conflicting theories to explain this phenomenon, ranging from our imperial background through the public school system to a faulty structure of industry. The fact that our own policies for higher productivity, with all their brave talk about technology, restructuring and economies of scale, had only a limited success should teach us some humility. . . .

The second cause lies in the all too successful efforts of post-war British Governments to hold down growth even *below* our productive potential. This they have done because changes in home demand—crudely, stop-go and deflation—have been used as the main instrument for controlling (or attempting to control) the balance of payments and the level of inflation. One can see why this happened. Alternative instruments, such as devaluation or incomes policy, seemed fraught with difficulties: the pound's role as a world currency, the existence of the sterling balances, the pressure of the United States and other monetary authorities, traditions of free collective bargaining, and so on. And when we finally did devalue in 1967, and removed the constraint on growth of an overvalued pound, we found that we had not rid ourselves of the other constraint—inflation. So having first curtailed growth in the interests of the balance of payments, we now curtail it in the interests of greater price stability. On existing policies we shall go on sacrificing growth to one or other of these two objectives.

A future Labour Government must therefore consciously alter the priorities. This requires a *political* decision. . . .

This is easy to say, especially in opposition. We said it loudly in 1963-64; and many are saying it again today as though the last six years had never existed. But there is neither point nor honesty in preaching growth unless we accept, as we did not in those six years, the necessary corollaries. If we are not to use changes in home demand to regulate the balance of payments and price inflation, we must have other instruments for the purpose and be prepared to use them.

This means first, a greater flexibility of exchange rates. I am not speaking of a floating rate, but of a willingness to make timely adjustments to the parity whenever the alternative would be serious deflation. This after all was Keynes' intention at Bretton Woods. It was for years frustrated by financial orthodoxy, false morality and a Cromer-style anthropomorphic worship of the pound sterling. . . . Secondly, inflation. . . .No British Government could endure indefinitely a 7 per cent rate of inflation. Apart from the appalling social effects, the voters will not put up with it; and the Government's majority would rapidly crumble away at by-elections. If there is no *alternative* method of dealing with it, then squeeze and deflation will follow as night follows day. No doubt, for political reasons, they will be employed half-heartedly; and there is no guarantee that they will be successful. But bitter experience shows that even a half-hearted and only partially successful squeeze can cause an intolerable loss of output and employment.

The only alternative—that is, if we really *want* sustained growth—

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is a prices and incomes policy; and we had better face the fact. Would that it were not so! For we in Britain have tried almost every conceivable version of such a policy from Crippsian exhortation (oddly, the most successful) through guide lines and early warning to legislation and freeze; and we are now back to square one. Nor has any other country done much better. . . .

No progress will be made under the present Government, even if it had not contracted out of the search. For the Unions cannot be expected to co-operate against a background of stagnation and unemployment; and the prospective battle over the Industrial Relations Bill must in any case rule out any constructive dialogue for a long period ahead.

But Labour in opposition, having explicitly committed itself to growth, must attempt the search. There will be opposition from some, though by no means all, Trade Union leaders. But we must remember that the Unions and the Party have their own distinct fields of responsibility, and their own distinct duties and obligations to their members and electors; neither is, nor should be, the creature of the other. The Labour Party is a broad-based, national, people's party; it must not be deterred from finding rational solutions to national problems.

The "Vanishing" Indian

One often hears it said these days that the American Indian population, ravaged by war, disease, and the destruction of his culture as a result of the white man's depredations, has been further dwindling because of an inability to adapt to industrial civilization.

Right? Wrong.

No one knows the original size of the American Indian population. By identifying culture areas and by guessing at the number of settlements in each area and the density of such settlements, the late Alfred Kroeber estimated a figure of about 900,000 Indians north of Mexico in the pre-Columbian period. How many were killed by the Spanish, French, and English in the period before the American republic, is not known. The Census of 1860 was the first in which Indians were distinguished from the rest of the population, but it did not count Indians living in Indian territory. The 1890 Census was the first in which a general count of Indians was made. It revealed a total of 248,253 Indians.

Since then the population has fluctuated in this fashion:

1900	237,196
1910	265,683
1920	244,437
1930	332,397
1940	333,929
1950	343,410
1960	523,591
1970	791,839

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Census Report

The findings of the 1970 Census are now beginning to take shape. The picture we get of the average American family is as follows: It is composed of four persons, a husband, wife, and two children in their late teens. The parents are slightly older than a generation ago, the father is almost 45 and the wife almost 42; a generation ago, they were both a year younger. They are better educated than their parents; or, at least, they have had more schooling. The average number of years in school in 1950 was nine years; today it is twelve, so the average parents of the average family are high school graduates.

Incomes are considerably higher than two decades ago. In 1970, the median family income was $9,870 compared with $3,300 in 1950. Some of that increase, of course, is due to inflation. In "real terms," using constant 1970 dollars, the average family had an income of $6,100, or almost twice the $3,300 income of the family in 1950. Much of that increase comes from a substantial rise in wages, but a large share is due to the fact that the wife now works more often than a wife did twenty years ago.

Today's typical family is likely to live in a metropolitan area, probably in a suburb. Nearly 70 per cent of the United States population lives in metropolitan areas and over half the metropolitan population lives in areas outside the central cities.

The 1970 family is likely to own its home, with a mortgage. The home today is valued at $17,000 on the average, a 43 per cent increase over average values noted ten years ago in the 1960 census. The family's house is better and larger than a generation ago. It has five rooms instead of four. It is about 25 years old and is almost sure to have complete kitchen and bathroom facilities, hot piped water, and central heating. The wife most likely has a clothes washing machine, but probably not a clothes dryer, dishwasher, or home freezer. The family has at least one television set, a radio, and a telephone, but it is not likely to have air conditioning.

In addition to providing this general picture, the Director of the Bureau of the Census, Dr. George H. Brown, has recently given these insights into the present condition and future probabilities with regard to (1) population, (2) housing, (3) income, (4) education.

Population: As of April 1, 1970, there were 203,184,772 persons living in the United States. But the rate of increase is slowing down markedly.

Several years ago the Bureau of the Census put together population projections based on possible fertility ranges. The high projection assumed a fertility rate of 3.35 children per woman—which was the rate of the 1950's. In the early 1960's the rate was 2.78; in the late 1960's, 2.45—where it stands today. For this reason the Census decided to drop the projection based on the 1950's because it no longer seems a reasonable possibility for the 1980's.

The fertility decline of recent years means that young women are now having fewer children than women in the same age groups had in the 1950's and 1960's. But the fertility rate would have to fall be-

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low the replacement level of 2.11 children per woman in order eventually to stop population growth. Surveys show that most women in those age brackets still say they desire an average of three children; so the present lower rate may mean that many of them are only postponing childbirth. Many demographers, however, believe the postponement will actually result in a reduction of completed fertility.

While the outlook for population growth in the year 2000 continues to be uncertain, all indications point to a total of 240 million to 250 million by the mid-1980's, an increase of 35 million to 45 million over the current level of about 206 million. Immigration (currently running at about 400,000 a year) will contribute about one-fifth of the expected population gain from 1970 to the mid-1980's.

There will be a dramatic rise in the number of younger adults from now to the end of the decade. One-third of the expected total population increase will be in the 25 to 34 year group. Altogether, we expect to have an additional 28 million people who will be in their 20's, 30's, and early 40's. On the other hand, there will be virtually no change in the number of people between 45 and 64. Most of the remaining 16 million persons, who are expected to be added to segments of the population will be: Eight million pre-schoolers; six million persons over 65; two million school age children from five to 15 years old.

The most significant fact about the expected change in age composition is the very sharp increase in the number of persons in their 20's and early 30's. The next decade is the era of the young married.

Our census experts foresee a mixed pattern of housing for the next 10 years. For one thing there may be a short term decline in home ownership as the heavy number of young marrieds start their wedded life in apartments because in many cases both husband and wife are likely to work and to postpone family increase for a time. However, as they begin to acquire a savings account and as children are born, the majority will probably buy a home in the suburbs.

Housing: Home ownership is a continuing part of the American tradition. The figures from the 1970 census show that 63 per cent of all homes were occupied by their owners. (The percentage varies according to the age of the head of the household: Under 25 years, the percentage was 20 but it rose steadily to a peak of 75 per cent in the 45 to 54 age bracket.)

There is reason to believe that the houses which these young people buy are increasingly likely to be row houses or, as the real estate developers now call them, town houses. With 70 per cent of our population already living in metropolitan areas, the supply of land within 30 minutes driving time to the central city is steadily diminishing and will be even more scarce by 1980. To a large degree this underlying trend will surface in the form of cluster housing—groups of three to six town houses with possibly each unit sold as a condominium. These clusters will not have all the features of detached houses. They will have a little land around them but not enough to let each husband spend his weekends with a lawnmower.

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Although much will be done to correct the current ills of the inner cities, it seems very doubtful that anything will reverse the exodus to the suburbs. In recent years, practically all of the growth in metropolitan areas was in the suburban rings. Since 1960, central cities as a whole grew only about *one* per cent. The suburban rings soared in population 28 per cent. And the balance between central cities and suburban rings has clearly shifted since 1960. At that time, suburban areas had slightly fewer people than the central cities. Since then, more than half the people in our metropolitan areas live outside central cities and every indication is this fraction will grow. If the current trend continues, nearly half of our total population will be living in the suburbs in the 1980's; a fourth will be in the central cities.

It is important, however, to recognize that many areas of the nation are losing people and have been losing them for a long time. There has been an *absolute* decline in population in *one-half* of our counties between 1960 and 1970, particularly those in the central and southern areas where agriculture has been the dominant occupation. About 2,000 counties—or *two-thirds*—had more out-migrants than in-migrants. The following areas lost population between 1950 and 1960 and again between 1960 and 1970: a band of counties in the middle west from the Dakotas and Minnesota to Texas and Louisiana and across the south to Georgia and South Carolina. In addition, there are areas in south Appalachia and in the sections adjoining the northern Great Lakes which have a long history of population decline.

We know that non-metropolitan counties as a whole in the United States are growing below the national average. However, those non-metropolitan counties crossed by a freeway and having a moderately-sized urban center—between 25,000 and 50,000 people—are growing more rapidly than others. These counties, since 1960, grew at the same rate as the national average. The growth in these counties contradicts the popular notion that our nation's population is on the high-road to engulfing itself in a number of big, densely-packed urban centers.

One of the demographers at the Bureau of the Census has made a significant study of the ability of metropolitan areas to attract and hold new residents. Taking the nation's 12 largest metropolitan areas —cities and their suburban complexes with a population of more than two million, such as New York and Los Angeles—the study found a growth rate for the last decade of *12 per cent,* while that for the United States as a whole was 13 per cent. If you take metropolitan areas of one to two million population—and there are 21 of these, such as San Jose, Houston and Atlanta—the growth rate was *27 per cent.* The next group of metropolitan areas has a population from 500,000 to one million. There are 32 areas in this category—such as Phoenix, Salt Lake City and the Fort Lauderdale-Hollywood complex in Florida. These areas experienced growth at the rate of *18 per cent* in the last decade.

Income: Our experts at the Census Bureau predict a continuing growth in real family income in the 1970's and on into the following

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decade. During the post war period the increase in total money income in constant dollars has been something over *three* per cent per year. If we assume this level of growth will continue and that the cumulative per cent distribution of families and income will be constant for each age group, then real income can be expected to increase more than *50 per cent* over the next 10 years and more than double before 1990.

Family money income in 1968 amounted to $500 billion. Using the 1968 dollar as a standard, by the middle of the 1980's it is expected to be more than $1 trillion. Average family income in 1968 was about $8,600 and by the 1980's it could be about $15,000, measured in dollars of constant purchasing power. (It was estimated that median family income is about $10,000 in 1970.) About one-third of family income in 1968 was received by families whose income was over the $15,000 level. By 1985, over *half* of family income will be in the hands of families with incomes over $15,000 a year. We are heading toward the era of an affluent majority.

The increased income plus the population growth means that the amount of money in constant-purchasing-power at the $15,000 income level will be about *five* times what it was in 1968. In addition, an increasing amount of income will be in the hands of younger people. We estimate that about *half* of the added buying power will be in the hands of the 25-44 age group by 1985, rather than the 42 per cent now held by those in that age bracket.

Education: In 1940 the majority of adults (three out of four) had less than a high school education. In 1970, about 55 per cent of the nation's adults were at least high school graduates. In 1940 only 10 per cent of the adults had taken any college work at all, including only five per cent who had completed four or more years of college. In 1970 these proportions had doubled—21 per cent of the nation's adults had completed some college, including 11 per cent who had completed four years or more.

The changes are even sharper among young adults, those 25 to 29 years old. Seventy-five per cent of that group were at least high school graduates in 1970 as compared with only 38 per cent in 1940. Thirty-one per cent of these young adults in 1970 had completed some years of college compared with only 13 per cent in 1940. Moreover, 16 per cent of those young adults in 1970 had completed four or more years of college compared with only six per cent in 1940.

There is another way of looking at education and the market place today: Families headed by persons with 12 or more years of school had 67 per cent of the total money income of families in 1969. Family heads whose education stopped before graduation from high school accounted for about 33 per cent of the income of all families. When we think in terms of "discretionary income," defined as all family income in excess of $12,000 a year, the influence of education is even more dramatic. For example, for families whose head was 25 years or over "discretionary income" in 1969 was about $100 billions. Our figures show that about $40.5 billions, 41 per cent of the total discre-

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tionary income of these families, was in the hands of families headed by college graduates. And when we broaden that category to include those with 12 years or more of education, the percentage jumps to 85 per cent since we find them controlling $84.6 billions of discretionary income.

The importance of discretionary income is shown in the significant shifts in consumer-spending patterns that have occurred in the past 30 years. Durable goods such as automobiles and furniture increased from 9.5 per cent of total disposable personal income in 1939 to 14.2 per cent in 1969. During the same period, the per cent of income going to services, such as housing and personal services, increased from 35.6 per cent to 38.3 per cent. However, the per cent of income devoted to such goods as food and clothing declined from 50 per cent to 39 per cent.

A parallel development of equal importance is the emergence of women as income earners as well as income spenders. In 1960 there were slightly over 72 million people employed or looking for work; in 1970 this total rose to some 83 million. The significant point is that 8,350,000, or over 80 per cent, of that increase was accounted for by women entering the labor force. This change is clearly reflected in the overall percentage of husband-wife families with the wife in the labor force in the last 20 years. This percentage rose to 39 per cent of all husband-wife families in 1970, compared to 21 per cent in 1950. In the $10,000 and over husband-wife family income groups, in 1969 constant dollars, the percentage was 49 per cent in 1970, compared with 27 per cent in 1950. In the $15,000 and over husband-wife families, the 1970 percentage was 52 per cent, compared with 17 per cent just 20 years ago.

The Newman Report

Among the past year's rush of reports from sundry commissions on the problems and future of higher education, one of the best—and not so incidentally, the shortest—received less than its full share of public attention. This was the report of the Newman Commission, convened by former Health, Education and Welfare Secretary Robert Finch, financed by the Ford Foundation, and led by Frank Newman of Stanford.

The report begins by stressing what many observers of the university conveniently forget—that most college students were not straight-A performers in high school, do not go on to graduate school, and aren't enrolled at Harvard or Swarthmore. If there is a "typical" entering student, the report observes, "he is a member of the majority who enter but never graduate. He did only moderately well in high school. Pressured by his parents, concerned about the credentials he needs . . ., he enters a nearby community college or a large four-year college . . . Within six months he has dropped out." Only a third of each year's entering freshman class ever complete a four-year course of study.

The minority who remain in college are caught in an "academic

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lockstep of steadily longer duration." One effect of the ever-longer period of formal schooling is the increasing "isolation" of the academy. "There was a time when most faculty could be counted on to provide students with a perspective that extended beyond the limits of the campus. No longer is this the rule." A second effect is a marked increase of "drifting" from campus to campus. One "study of the graduating class of 1967 in [a] major state college system" found that "30 per cent had attended *three* colleges and 17 per cent had attended *four or more*. Each of these figures represents a six percentage point increase over 1957."

The Report points to the unhealthy consequences of this situation:

> The sum of all these circumstances leaves many students unprepared to make sound career choices. This problem is less serious in the professions, e.g., law or medicine, where students probably have an adequate idea of the nature of the profession. But in many areas, students undertake years of graduate training in a particular field only to find that they aren't sure why they've done it, or if it really is what they want for a career. Many students go into Ph.D. programs in history, for example, principally because they were "good" in their undergraduate history courses. Students seem now more than ever to be making major decisions about their lives without knowing that they are making them.
>
> This gliding past the critical point of career choices has in the past characterized the deprived rather than the privileged in our society. This was the way people decided to be miners or short-order cooks, but it was not the way those with the best of available educational opportunities chose their life work.

The Commission also noted the increasing homogenization of higher education and the corresponding decrease of student choice among alternative modes of education and types of university:

> For a long time—between approximately 1900 and 1950—the task of providing higher education was evenly divided between public and private institutions, and each type pursued a somewhat different mission. Many of the public institutions were established with a primary concern for career-related education, such as preparation for farming and engineering. Many of the private institutions . . . focused on the liberal arts, assuming that students could prepare for jobs after graduation. Hence public institutions often offered a somewhat different kind of education than private, and each type led to a somewhat different set of careers. But these differences have also all but disappeared . . . Steadily liberal arts curriculums have become the standard of both public and private colleges.
>
> Since 1950, the balance in enrollment that existed between public and private institutions has almost disappeared. Five out of every seven college students are now enrolled in public institutions and that percentage will continue to grow. . . .

The increasing commitment of faculties to professionalism and to the "academic mode of teaching and learning" is also a part of this homogenization. This mode does not suit the interests of many stu-

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dents—and many universities have begun to reform curricula and hiring criteria in response:

> One direction which this reform movement is taking lies in shifting more responsibility onto the shoulders of the student and simultaneously intensifying the contact between students and faculty. Lecture courses are giving way to seminars and various forms of independent study. Syllabi designed by the faculty are giving way to courses worked out jointly by students and faculty. Requirements, even grades, are disappearing. Credit is being granted for off-campus learning.
>
> The second direction this reform movement is taking lies in improving the incentives for faculty members to teach. . . . On campuses where these reforms have been implemented, students have greater responsibility for their educational programs, and see more of their teachers than they did before. Faculty members have become much more self-conscious about their roles as teachers, and, presumably, are doing a better job. But, by and large, this movement toward reform was begun at selective institutions, and has been shaped by elitist premises. Characteristically, many of the reforms are designed to make undergraduate education more like graduate education. . . .
>
> For some students, particularly the most able, these reforms unquestionably will improve the quality of their educational experience. But what of the individuals who may not know how to use their freedom—for whom a "structured" curriculum is essential for their development?...
>
> The absence of meaningful incentives for faculty members to teach has hurt the educational process. Yet incentives for professors to allocate more time to teaching can miss the point. The teaching, research, and outside service commitments of a professor can conflict or reinforce one another, depending on how skilled he is and the kind of problems he is working on. Moreover, the gravest teaching-learning problems seem to be at the least-selective institutions where faculty members usually are rewarded for teaching above all else. The basic problem is not just to change the rules under which academic professionals teach, but to change the structure of the profession and its grip on undergraduate education.

The Commission concludes with this peroration:

> The major impediment to change is the set of assumptions on which educational policy is based. There is a conventional wisdom which holds that we already know what the goals are; that all we need is a commitment to action. But the concentration on these issues has often blinded us to other and more fundamental problems. Thus it is argued that the task is:
>
> To expand our present system to provide each young American with a chance at entrance. Rather, we believe that, without major reforms, simply expanding the present system will not provide meaningful education for the ever-broader spectrum of students gaining entrance.
>
> To maintain diversity by insuring that we continue to have both public and private institutions. We believe public and private institutions are becoming more and more alike. Real diversity will require altogether

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new educational enterprises, both public and private, that are meaningful for today's students.

To meet the demand for relevance in education by developing new curricula. We doubt whether many students have had sufficient exposure outside the educational system to know what a relevant education might be. Both students and faculty need more experience away from the campus.

To continue to improve the level of professional scholarship at our colleges and universities. We believe our colleges and universities must be less concerned with academic prestige and more concerned with becoming centers of effective learning.

To achieve the maximum coordination of higher education programs within each state. We believe that the drive for coordination is leading toward large, centralized multi-campus systems. The identity, integrity, and chance to explore new directions at each campus must be enhanced now before the opportunity for this is hopelessly eroded by growing bureaucracy.

To obtain more money for higher education. We believe the academic community must assess how effectively available resources are utilized. To expand the number of community colleges as rapidly as possible to absorb the growing numbers of students who want to enter college. We believe that community colleges should not be organizations that absorb the left-over problems from the more prestigious segments of higher education, but must develop their own distinctive missions.

In the past, national and state policy for higher education has been largely a matter for experts. Public support was assumed and, in fact, was always forthcoming.

The assumption of unquestioning public support is no longer valid. . . . Today, the most pressing issues are not internal within higher education but involve broad social decisions regarding its role in contemporary America, decisions in which the public must have a voice. The resources required already exceed 20 billion dollars, or more than one dollar out of every fifty spent in the entire economy. . . .

The Libertarian Left

The American college student has been turning left, as everybody knows. But according to a recent comprehensive study of college freshmen by the American Council on Education (ACE), reported in *Change* magazine (May-June 1971), the leftward turn is not to the conventional liberalism which holds that the federal government must take responsibility for solving all social problems, but to a libertarianism which emphasizes more personal freedom. As reported in *Change:*

The basis of the ACE observation is five years of questionnaires administered to entering college freshmen by the ACE Office of Research, beginning in 1966. Last year, 272,000 freshmen at 425 colleges and universities took part. The Council was able to use data covering about 180,000 freshmen at 270 institutions.

In 1969 and 1970, the freshmen were asked to state their current

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political preference: left, liberal, middle of the road, moderately conservative, or strongly conservative. In 1969 a large cluster (about 45 per cent) described themselves as in the middle of the road. About one-fifth of the freshmen placed themselves on the conservative side; around one-third said they were to the left of the center. Relatively few said they were either far left or far right.

Between 1969 and 1970 there was a strong shift of nearly 5 per cent away from the conservative side. Four per cent more freshmen said they were liberal in 1970 than in 1969 and one per cent more said they stood in the middle of the road.

When the students' self-evaluation was backed up by specific questions the movement was unmistakably toward a desire for more freedom from outside control and more personal voice in decisions that would affect their lives. Should colleges control student behavior off campus? Only 17 per cent agreed in 1970, down more than 6 per cent from 1967. Should student publications be regulated? The drop in "ayes" was almost 10 per cent over four years. More than 90 per cent of the freshmen questioned in 1970 believed that students should have a major role in designing the curriculum and 71 per cent said faculty pay should be based in part on student evaluation, an increase of 10 per cent from 1966.

One finding tends to confirm recent reports of growing apathy on the campuses. Last fall, 39 per cent of the entering freshmen agreed that individuals cannot change society. This was 8 per cent more than held this opinion in 1967. Except for a slight drop in 1968, this figure has been rising sharply since.

But along with this growing sense of helplessness, more freshmen each year indicated that they believed that personal freedom should be maximized. Should marijuana be legalized? Nearly 19 per cent more freshmen thought so in 1970 than in 1968. (The percentage last year was 38 per cent.) Should military service be voluntary? Yes, said 65 per cent of the students in 1970, an increase of 28 per cent from 1968.

There were some contradictions, or so it seems. Ten per cent more 1970 freshmen than 1967 newcomers thought colleges were too lax on student protests. The total holding this opinion grew from fewer than half of students questioned to more than two-thirds.

The trends become mixed when the questioning concerns federal involvement in specific issues.

Between 1969 and 1970, the trend was away from federal involvement on five issues, toward more involvement on three issues, and there was no change on two issues. Two of the three issues on which the freshmen thought there should be more federal involvement were concerned with ecology—pollution control and tax incentives to reduce the birth rate. But there was a decline of 4 per cent in the number of freshmen who believed the government should provide compensatory education for the disadvantaged. The trends were similar in regard to school desegregation, special benefits for veterans, and consumer protection.

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